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ABSTRACT

This report presents six papers concerning the future demography and economy of New York, New York. "Demographic and Economic Projections for New York City" (Richard McGahey) reviews demographic and economic projections for the city and its boroughs that were developed by a number of forecasters. Next, "The Location of People and Jobs within New York City" (Dick Netzer) discusses implications of the projections for physical development policies (mainly in regard to transportation and housing). The next three papers treat critical human services policy areas. These papers are: "Welfare and Family Policy in New York City" (Elizabeth Durbin); "Demographic Trends and Youth Employment Policy: A Look to the Year 2000" (John M. Jeffries); and "Crime and Criminal Justice" (Richard McGahey). The final paper, "The Methodology and Major Sources of Demographic and Economic Projections for New York City" (Susan Sheehan Wieler and Margaret Vandervoort), discusses the techniques employed and data limitations encountered by demographers when making projections. Emphasis is placed on how the choice of particular methods and sources ultimately influences conclusions regarding public policy. (KH).

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REPORT FROM THE URBAN RESEARCH CENTER

TO THE

NEW YORK CITY COMMISSION ON THE YEAR 2000

February 1986

The Urban Research Center
of New York University

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New York University
A private university in the public service

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February 13, 1986

Mr. Robert F. Wagner, Jr.
Chairman
Commission on the Year 2000
100 Church Street
New York, New York 10007

Dear Bob:

The Urban Research Center of NYU is pleased to have the opportunity to contribute to the work of the Commission on the Year 2000. That contribution is in the form of the enclosed papers, prepared by various members of the Center's staff.

The papers begin by reviewing the demographic and economic projections for New York City, and for the boroughs of the city, that a number of forecasters have developed. There are some differences among the forecasters, but those differences are relatively small, so our papers present what amounts to a consensus on the outlook. We next turn to the policy implications of the projections. Implications for some aspects of physical development policies (mainly, transportation and housing) are explored briefly in the second paper in this compendium. The next three papers treat some critical human services policy areas in some detail: welfare and family policy; youth employment policy; and crime and criminal justice.

We hope that this material is useful to the Commission and its staff.

Sincerely,

Dick Netzer
Director

DN:mh

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Demographic and Economic Projections for New York City

Richard McGahey

Summary

This report reviews various and demographic forecasts for the future of New York City. It is divided into four sections: an overview of existing forecasts and their limitations; demographic forecasts; economic predictions; and concluding remarks.

There are several central issues that emerge from reviewing these forecasts.

-- The city's population will be significantly older by the year 2000. Of special concern is the growth in the very old population, especially women, who will require higher levels of social and health services.

-- The city will continue to have an increasing percentage of minority citizens; by 1990, four out of five children 0-4 years old will be from black, hispanic, or other nonwhite groups. This will create challenges for better economic and political representation for these groups, and special challenges for the public education system.

-- Most economic forecasts envision continuing but slow growth in total jobs, with a continuing decline in manufacturing and a variety of patterns foreseen in financial, service, and other white-collar jobs. Barring any severe national crises or local problems like those experienced during the 1970s, this seems like a reliable forecast. The slow rate of job growth in even the most optimistic forecasts is cause for concern.

-- Forecasts must be viewed only as scenarios for the future, not inexorable trends. The city has some leeway in addressing these trends and future problems, although new policies will have to operate within rather inflexible fiscal constraints.

I. Overlapping Demographic and Economic Projections for New York City

Various agencies and scholars have made projections of diverse demographic and socioeconomic indicators for New York City and the region. But relatively few of these projections can be directly compared with each other. Projections may be made for different geographic areas (the city, region, or state); for different time periods (1990, 2000, or five-year periods); and for diverse indicators (age, race, labor force participation, poverty, etc.). Projections also employ different data sources and diverse statistical techniques.*

It is important to recognize that forecasts by themselves have no intrinsic validity. Any forecast is produced by analyzing existing data sources with a mixture of behavioral assumptions (such as future labor force participation, fertility rates, or the growth of any industrial sector), and choice of statistical techniques. Often, differences between particular forecasts are relatively small for the immediate future, but the differences get larger as small differences among the forecasts spread apart over time. Although this paper draws on a variety of such forecasts, the numbers must be understood as creations of particular data, assumptions and methodology.

The safest forecast for the immediate future remains the old saw of policy analysis: the future will be like the present, plus or minus five percent. For these reasons, although there are a variety of projections available, relatively few of them are directly comparable, and none of them provide a certain guide to the future. This report concentrates on those indicators and time periods where more than one projection exists, drawing on other sources when necessary.

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* Data issues and a discussion of projection techniques are discussed in detail in Wieler and Vandervoort (1985).

Two major types of projections exist for the city and region: demographic and socioeconomic. The first category encompasses predictions of age, sex, and the racial and ethnic composition of the population. The second category includes forecasts of poverty and labor force participation, and the city's future employment structure by industry and occupation.

Table I.1 shows the existing demographic projections that have been reviewed for this report. Most of the projections do not cover the same years or data items, and only three sources provide forecasts for more than a single point in the future. Thus the overlap in the projections is relatively limited.

Existing socioeconomic projections, shown in table I.2, have more overlap, especially forecasts of employment by industry and occupation. Yet some of these forecasts cover different years (1990, 1995, 2000), and some of them are for the five counties that make up New York City, while others are for the SMSA or the region, which in turn is variously defined as a 17 or 31 county area. As a result of these variations, there are also few directly overlapping forecasts in the socioeconomic area.

This lack of consistency limits the ability to compare different forecasts. As there is no universally-agreed upon baseline projection or statistical "metamethodology" that allows choice of one forecast over another, resolving the differences among competing forecasts relies on making judgments which are informed only partly by technical considerations. In this report, the range of difference is presented in various cases, to show what is at stake in relying on one forecast or another. But even those predicted ranges may turn out to be inaccurate. It is more important to focus on the direction of the

Table I.1

Sources of Demographic Projections
for New York City and the Region

Timothy Sivia and Nestor Terleckyi. U.S. Economic Growth: Regional Projections, 1984-2000. National Planning Association, 1983.

Forecasts of population by county, age, sex and race for the years 1990, 1995 and 2000. Included are forecasts of all variables for the five New York City counties plus 26 surrounding counties that radiate outward 100 miles into the states of New York, New Jersey and Connecticut. Age categories include five year mutually exclusive cohorts ranging from ages five and under to 75 and over. Racial categories include "white" and "non-white".

New York State Department of Commerce. Official Population Projections for New York State Counties: 1980 to 2010. April 1985.

Forecasts of population by county, age and sex for the years 1980, 1985, 1990,1995, 2000, 2005 and 2010. Included are forecasts of all variables for all counties of New York State. Age categories include five year mutually exclusive cohorts from ages five and under to 85 and over.

Emanuel Tobier. The Changing Face of Poverty. Trends in New York City's Population in Poverty: 1960-1990. Community Service Society of New York, New York. October 1984.

Population forecasts by age, race and ethnicity for New York City for the years 1980 and 1990. Selected non-exclusive age cohorts range from five and under to 75 and over. Racial and ethnic categories include "white", "white non-Hispanic", "black non-Hispanic", "other non-white" and "Hispanic".

The Port Authority of New York-New Jersey. "Some Elements of the Forecast of the New York-New Jersey Metropolitan Region". December 1984.

Population forecasts by age, sex and race for New York City and the 17 county region for the years 1980, 1985, 1990 1995. Tables describe regional population by age and sex for the years 1980 and 1995, regional population by race ("white" and "non-white") for the years 1980 and 1995, and New York City and regional population for the years 1980, 1985, 1990 and 1995.

Regional Plan Association. Economic Development and Public Infrastructure Investment for the New York Urban Region. Technical Report Number 1, U.S. Department of Commerce, Economic Development Administration. May 1982.

Population forecasts for the larger New York region (31 counties) by age and race ("white" and "non-white") for the years 1980 and 1990. Age categories include irregular but mutually exclusive cohorts ranging from under five to 65 and over. (Recent updates of the RPA forecast are also used in this report.)

Table I.2

Sources of Economic Projections
for New York City and the Region

Matthew P. Drennan. Modelling Metropolitan Economies for Forecasting and Policy Analysis. New York University Press. 1985.
Employment, total, for New York City and for New York City by industry and occupation for the year 1990.

Marie Flom and Fred Preisinger. Occupational Needs in the 1980s, New York City. Bureau of Statistics, New York State Department of Labor.
Prepared under the supervision of William Conklin. Forecasts of employment by occupation for New York City, for the year 1990.

Marie Flom. Forecasted Industry Employment for New York State and Selected Labor Market Areas, 1990. Bureau of Statistics, New York State Department of Labor.
Developed under the direction of Thomas A. Rodick. Forecasts of employment by industry for New York City, for the year 1990.

The Port Authority of New York-New Jersey. "Some Elements of the Forecast of the New York-New Jersey Metropolitan Region." December 1984.
Employment, total, for New York City and by industry for New York City for the year 1990. Labor Force Participation Rates for New York City and the 17-county New York-New Jersey region by gender and race (white, non-white) for the year 1990.

Regional Plan Association. Economic Development and Public Infrastructure Investment for the New York Urban Region, Technical Report Number 1. May 1982.
Labor force participation rates by gender and race for the 31-county region, for the year 1990. (Recent updates of the RPA forecast are also used in this report.)

Timothy Sivia and Nestor Terleckyi. U.S. Economic Growth: Regional Projections, 1984-2000. National Planning Association. 1983.
Employment, total, for New York City and for New York City by industry for the year 1990.

prediction first, and then on its estimated size and impact. Discrepencies between particular numbers may be within the bounds of plausible statistical estimation, but differences in the directions of trends are likely to be more significant. The necessary imprecision of most results means that analysts and policy makers cannot substitute projections for their judgment about possible future scenarios. Forecasts should not be taken as absolute constraints on the future, but as broad scenarios of a possible future which can be affected by unforeseen events, and by public policy.*

II. Population and Demographic Forecasts

There are a variety of projections of the future population of New York and the region--its size, its age, sex, and racial and ethnic composition. Yet there is only limited overlap among these projections in terms of region covered, year of projection, and categories of different population cohorts.

For example, several reports estimate the city's age composition in coming years. Tobier's report for the Community Service Society (CSS) estimates it for 1990 in New York City, the Regional Plan Association estimates age cohorts for the 31-county region for 1990, and the New York State Department of Commerce estimates county age cohorts for New York State for five-year intervals until 2010. Yet Tobier's CSS report uses different subclassifications of age cohorts than several other reports, and age and racial classifications from these diverse reports are not easily recomputed to correspond to other definitions.

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* The discussion of various data sources and projection methodologies in a companion report (Wieler and Vandervoort 1985) provides several examples of constraints on interpretation.

Accordingly, this section concentrates on two major population projections: the projections by the New York State Department of Commerce, which are in five-year intervals from 1980 to 2010, and the projections of the National Planning Association (NPA), which are annual for counties from 1980 to 2000. (Other reports are discussed where appropriate.)

Table II.1 shows estimates for the total population in the city in various years. (The New York State Department of Commerce estimates are used as baseline projections for comparison purposes.) Most of the projections for 1990 fall within a fairly tight range, less than a 4 percent difference overall; the NPA estimates the sharpest dropoff in population. By the year 2000, the gap in forecasts between the NPA and everyone else becomes quite substantial, as the NPA estimates assume that the city's population will continue to fall. In contrast, the NYS Commerce estimates assume a slight upward trend in the city's population, as do the Port Authority and Regional Plan Association (RPA) forecasts.

The differences in these forecasts illustrate how the choice of a methodology can influence the results. The NYS Commerce model is a cohort-component model, a procedure described more fully in another paper submitted to the Commission (Wieler and Vandervoort 1985). Such models estimate three basic population components: fertility, mortality, and net migration. The migration component probably accounts for the NYS Commerce projection of a rising population; due to assumptions about a continuing improvement in the city's economy, the city is not expected to lose population at the rate of the mid-1970s. Fertility and mortality patterns among the city's population also contribute to this prediction of a gradual increase in the city's population.

Table II.1

Estimates of Total Population
New York City, various years

(Projection as a percent of NYS Commerce Department estimates in parentheses)

	SOURCE*				
YEAR	NYS Commerce	NPA	CSS**	Port Authority	RPA
1990	7,180,000	6,916,000 (.96)	6,957,000 (.97)	7,165,000 (1.00)	7,174,000 (1.00)
1995	7,220,000	6,780,000 (.94)		7,246,000 (1.00)	
2000	7,261,000	6,640,000 (.91)			7,300,000 to 7,800,000*** (1.00 to 1.07)

1980 Total population, New York City = 7,071,639

* See tables I.1 and I.2 for sources.
** Tobier's report to the Community Service Society.
*** RPA provides two estimates for the year 2000.

In contrast, the NPA estimates are generated by a linked economic and demographic model, which the NPA uses to make projections for all U.S. counties. The model first projects total population based on an economic forecast, and then applies a cohort-component demographic model to estimate the age, sex, and racial distribution of the total population. The NPA model forecasts continuing contractions in the city's economy, unlike the more optimistic assumptions aligned with the NYS Commerce model. Thus the differences in these two projections for the city's total population stem from different assumptions about the future economic vitality of the city. The NPA model embodies pessimistic assumptions about economic growth and continuing population outmigration, based in part on its incorporation of 1970-80 economic data. In contrast, the NYS Commerce model is compatible with a scenario of a growing city economy that will attract new residents and hold many existing ones in place, balancing any attrition.

The Port Authority and RPA forecasts follow the NYS Commerce methodology, and make their demographic forecasts independently of economic projections. Therefore, it is not surprising that these forecasts are very similar in terms of total population. The prediction of slow but steady growth in the city's overall population found in the NYS Commerce, Port Authority, and RPA forecasts is probably the best guide for the future. However, it should be borne in mind that economic problems such as those experienced by the city during the 1970s could upset this picture, making the NPA's forecast of a declining population more likely.

The demographic picture becomes more complicated when considering different estimates for age cohorts. Table II.2 shows the available estimates for

Table II.2

Estimates of Population by Age Group,
New York City, various years

(Projections as a percent of Commerce estimates in parentheses***)

Age Groups and Year	NYS Commerce	NPA	CSS*
1990			
0-4	502,600	569,900 (1.13)	497,000 (.99)
5-19	1,333,700	1,273,600 (.93)	1,344,000 (1.01)
20-24	541,000	534,300 (.99)	498,000 (.92)
25-54	3,101,700	3,054,800 (.99)	2,984,000 (.96)
55-64	679,500	589,000 (.87)	641,000 (.94)
65-74	554,400	481,800 (.87)	542,000 (.98)
75+	467,400	412,400 (.88)	451,000 (.97)
TOTAL	7,180,300	6,916,000 (.96)	6,957,000 (.97)
2000			
0-4	480,920	471,300 (.98)	
5-19	1,357,900	1,375,400 (1.01)	
20-24	481,040	399,700 (.83)	
25-54	3,160,600	3,081,900 (.98)	
55-64	723,540	552,300 (.76)	
65-74	526,220	369,200 (.70)	
75+	530,370	389,800 (.74)	
TOTAL	7,260,600	6,640,000 (.91)	

* See tables 1.1 and 1.2 for sources
** Tobier's report to the Community Service Society
*** The use of the commerce projection is a convention to facilitate comparisons; no judgement on the relative merits of any projection is intended.

different age groups in 1990 and 2000. The estimates from the Tobier report are all within 10 percent of the commerce department projections, although the relationship is not uniform for each subgroup. For example, Tobier's estimates of 5-19 year olds is 99.1 percent of the commerce figures, while the estimate of the 20-24 year olds group is only 92.1 percent of the state numbers.

Larger gaps are found again when comparing the NYS Commerce numbers to the NPA figures. For 1990, the NPA estimates are sharply higher for 0-4 year olds, and visibly lower for the older groups. Although the NPA total population estimate for the year 2000 is only 91.4 percent of the Commerce department figures, their estimate of 65-74 year olds is 70.2 percent of the state numbers. It appears that the NPA estimates incorporate sharply differing estimates for fertility rates, perhaps mortality, and almost surely for migration rates, as it is unlikely that the varying estimates for 65-74 year olds in 1990 and 2000 can all be due to varying assumptions about mortality. The CSS report assumes a diminished outmigration by nonhispanic whites, and a continuation of other current migration, fertility, and mortality rates.

The issue of outmigration rates is especially important in relationship to the future of older New Yorkers. One of the most significant demographic trends in the city and in the United States is the growth of the elderly population, both in absolute size and as a percentage of the total population. Of special concern is the likely rapid growth among those 75 and older. Some national forecasts see the number of people 75 and older rising from nearly 10 million in 1980 to around 17.25 million by the year 2000, an increase of almost 73 percent. This growth in the elderly population will put increasing pressure on health care and related social services.

Population forecasts for New York City do not envision the dramatic rise envisioned for the nation; indeed, the NPA foresees the 75 and older population increasing by only 5.8 percent from 1980 to 2000. In contrast, the NYS Commerce forecasts that the 75 and older group will grow by around 44 percent in this same time period, still less than the national trend. Both estimates assume that the elderly will migrate out of New York, and suffer higher death rates than their national cohort. But the sharp divergence of the NPA estimate from national projections make it an unsafe guide for policy; analysts relying on the NPA projections would have to make a special case as to why the city would be so different from the rest of the country. The Commerce estimates of a rapid rise in the 75 and older group are the more reliable prediction.

Long-term care of the elderly will be an increasingly important issue in coming years. If current cutbacks in federal programs continue, the social and health services needed for this group will compete for an increasing share of municipal and state budgets. The growth of this oldest group of the population is one of the most important issues facing New York's policy makers. A recent study by the state's Long Term Care Policy Coordinating Council estimated that by the year 2010, 641,000 elderly people in the state will require formal long term care, at an annual cost of over $23 billion. While some of this would have a beneficial effect in terms of job creation in health and other services, the potential burden on state and local budgets should not be minimized. Many of the oldest people are likely to be single women; women are 58 percent of those between 65 and 74, and 70 percent of those 85 and older. This gender composition of the elderly has serious social, public service and spending consequences, as "far more older women are widowed, live alone, and on less income than older men (Soldo 1980)."

A second major issue in the city's future is the racial and ethnic makeup of the population. This dovetails with worries about current and future poverty in New York. Minorities--hispanics, blacks and other nonwhites--currently are more likely to be in poverty, and if labor market and economic conditions for them do not change significantly, disparities between the city's white and minority populations will grow. ("Minority" is used here in its customary sense, including blacks, hispanics, and other nonwhite groups such as Asians. It may be somewhat inaccurate for the city. In 1980, the official census data showed that nonhispanic whites were barely in the majority--52 percent. Due to age structure, varying fertility, and the Census' undercount of minorities, nonhispanic whites almost certainly make up less than 50 percent of the city's population now.)

This changing population could fuel political tensions in the city and state, as most analysts forecast that the percentage of minorities in the city's population will continue to grow (Jeffries 1985). This could also influence state politics, as the city has a much higher share of minorities than the rest of the state. In 1980, New York City contained 85 percent of the state's hispanics, and 74 percent of its black and Asian residents, but only 28 percent of the state's non-hispanic whites.

Because of its importance for the future, it is disappointing to discover a lack of attention to race and ethnicity in most projections. There are only two estimates on the racial and ethnic future of the city that allow any comparison: Tobier's CSS report and the NPA projections. And even these two estimates, shown in table II.3, are not strictly comparable. While Tobier's report details four population groups (white non-hispanic, black non-hispanic,

other nonwhite, and hispanic), the NPA estimates only provide a "white/non-white" distinction without a separate estimate for hispanics.

However, this difference does not create major interpretive problems. Tobier's report separates all self-identified hispanics from both the white and black racial categories. Most persons who identify themselves as hispanic in surveys also identify themselves as white when given a chance (usually at a ratio of about 9:1).* Thus most of the hispanics in the NPA figures are probably included in the "white" category; if the 9:1 ratio is applied, the NPA percentages within each age cohort are very similar to the CSS estimates. The only substantial variation occurs in the 75 and older group, where the CSS report estimates a 76 to 24 percent ratio of whites to nonwhites, compared to the NPA estimate of 83.3 to 16.7 percent.

Table II.3 foresees a city population in 1990 where the percentage of nonhispanic whites is decreasing sharply, especially in the younger age groups. This trend will be more pronounced by the year 2000. These data are reclassified in table II.4 to highlight this pattern more fully. Table II.4 decomposes the CSS estimates to show how much the addition of hispanics contributes to the "white and hispanic" group in table II.3. This contribution is especially pronounced in the younger age groups.

The last column of table II.4 adds together the black non-hispanic, other nonwhites, and hispanic groups from the CSS report, with the resulting estimate that fully 80.1 percent of New York City's resident children 0-4

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* The 1980 Census allowed people to classify themselves as hispanics, and also as black or white.

Table II.3

Estimates of Race and Ethnicity, by Age Cohort, New York City, 1990*

(Percentages are share within each cohort)

	CSS**		NPA***	
Age Group	White & hispanic	Black, non-hispanic and Other nonwhite	White	Nonwhite
0-4	281,000 (.57)	216,000 (.44)	343,630 (.60)	226,380 (.40)
5-19	764,000 (.57)	579,000 (.43)	748,900 (.59)	524,890 (.41)
20-24	314,000 (.63)	185,000 (.37)	334,300 (.63)	200,030 (.37)
25-54	1,944,000 (.65)	1,040,000 (.35)	2,033,070 (.67)	1,021,620 (.33)
55-64	460,000 (.72)	181,000 (.28)	419,840 (.71)	169,000 (.29)
65-74	410,000 (.76)	133,000 (.24)	369,480 (.77)	112,340 (.23)
75+	344,000 (.76)	106,000 (.24)	343,470 (.83)	68,910 (.17)
TOTAL	4,517,000 (.65)	2,440,000 (.35)	4,592,700 (.66)	2,323,270 (.34)

* Some elements computed by Urban Research Center Staff; some data in each report not consistent with other tables. These numbers are based on our best interpretation of these inconsistencies.

** Tobier's report to the Community Service Society

*** In NPA report, "white" and "nonwhite" do not add to total population; about 2 percent less. No separate estimates are given for hispanics, although in Census figures, approximately 90 percent of self-identified hispanics identify themselves as "white."

Table II.4

Projected Hispanic, Black and White Populations, by Age Cohort, Reaggregated from Table II.3, for New York City, 1990*

Age Group	Hispanics as a % of "White and hispanic" in Table II.3	Hispanics as a % of total age cohort	Hispanics, blacks, & other nonwhites as a % of total age cohort
0-4	.65	.37	.80
5-19	.53	.30	.73
20-24	.46	.29	.66
25-54	.36	.23	.58
55-64	.26	.19	.47
65-74	.17	.13	.37
75+	.10	.08	.31
TOTAL	.36	.24	.59

*Source: Tobier's CSS study and table II.3 above.

years old in 1990 will be from these three groups. White non-hispanics are projected to be in the majority only from age 55 onward, and are predicted to account for 41.2 percent of the city's total population. Blacks, hispanics, and other nonwhites are projected to be 58.8 percent of the city's population in 1990. Given fertility trends and the higher concentration of these groups in younger child-bearing age cohorts, it is safe to forecast that minorities will be well above 60 percent of the city's total population in the year 2000.

The growing percentage of city residents who are black, hispanic, and from other groups presents a significant challenge for the city's future. All of these groups experience sharp inequalities relative to the city's white residents, in terms of education, employment, and income. Without changes in current education, employment and poverty trends,* the city may face severe internal divisions in coming years, with special problems among its children. By the year 2000, a substantial majority of the city's children will be from black, hispanic, and other nonwhite households. Addressing the socioeconomic and educational gaps facing these poor families may well be the single most significant issue facing New Yorkers for the year 2000.

One "wild card" that could upset the population and demographic forecasts is immigration from abroad. New York has always been the most significant city in the United States in terms of immigration, and we continue to play that role. Not only do immigrants often arrive here first, but they tend to settle in or near the city, creating a mosaic of ethnic and cultural

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* See Durbin (1985) and Jeffries (1985) for more detailed discussion relating to welfare, poverty, and youth unemployment trends.

variation that cannot be found in any other American city. Between 15 and 25 percent of all new immigrants to the United States identify New York City as their intended place of residence, and the 1980 Census counted almost 25 percent of the city's population as foreign born. The city is the residence for over 14 percent of all post-1964 immigrants to the United States. In the 1980 Census, New York City was home to more than 25 percent of all immigrants to the United States from Greece, Ireland, Italy, Poland, and the Soviet Union. About one-third of America's immigrants from the Carribean and South America reside here, including about 50 percent of the Ecuadorans, Jamaicans and Haitians, and three-quarters of all Dominican immigrants.

The 1980 Census further found that one out of every five city residents between the ages of 20 and 44 were post-1964 immigrants, and nearly one in four of the city's children under the age of 10 resided in an immigrant household.* It should be remembered that these figures do not include those of Puerto Rican origin, who are not foreign immigrants to the United States. The significant number of New Yorkers of Puerto Rican origin adds to the city's variegated population.

What will happen to these immigrants in future years remains somewhat of an open question. Some analysts have forecast that these groups will increase their share of better jobs, replacing aging white workers and a smaller labor market cohort of younger whites. But during the 1970s and early 1980s, hispanic immigrant workers have been concentrated in two sectors, in jobs which are relatively low-paying: manufacturing and certain service sectors

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* These are only people counted by the 1980 Census. Many observers feel that these figures would be much higher if undocumented immigrants and others who did not answer the Census were counted.

(Sassen-Koob 1985). And, as Waldinger (1985) points out, analysts and policy makers should not lump all immigrants or minorities together. During the 1970s, native blacks found jobs in the public sector, while hispanics remained concentrated in declining industries, and all minorities, native-born and immigrants, may have competed more with each other than they did with whites.

III. Economic Forecasts

There are more strictly comparative estimates for the city's economy than for its demography. A variety of analyses address economic issues, although some projections are for the city, others for the region, and still others for the SMSA. Most of the available comparative estimates are for total employment, sometimes broken down by broad occupation and industry sector. Otherwise, there are few comparable forecasts of socioeconomic trends. For example, Tobier's estimates of the poverty population in 1990 are the only forecasts of this critical socioeconomic variable.

Some forecasts address the issue of labor force participation--that percentage of the population which is either employed or actively seeking work.* These are shown in table III.1.** Labor force participation (LFP) is a key factor in relating the total working-age population to available jobs. The LFP forecasts should be considered in the light of the age and

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* For example, if 6 out of 10 people are employed, and 2 others are actively seeking work, the labor force participation rate is .80.

** It should be emphasized that these labor force participation forecasts are for differing regions; the Port Authority forecasts are for the 17 county region and for New York City only. The Regional Plan Association projections are for their 31 county planning area. The forecasts assume rising participation for all groups.

Table III.1

Labor Force Particpation Rates,
various regions, 1990*
(1984 rates in parentheses)

	Port Authority		Regional Plan Association
	NY-NJ region	New York City*	(NY urban region)
Nonwhite females	.57	.51 (.48)	.56
Nonwhite males	.70	.68 (.64)	.68
White females	.50	.49 (.41)	.55
White males	.74	.70 (.68)	.75

Sources: See table I.2.

* 1984 data are for blacks and whites only.

racial forecasts discussed in section II above. Estimated participation rates can be applied to population forecasts to derive rough ideas of the size of the labor force in 1990.

Table III.2 presents the results of such an exercise. It is instructive not only for the results, but for illustrating the variety of assumptions that must be made in even simple projections. The table starts with an estimated total city population for the ages 15-64* in 1990, based on the state commerce estimates. Racial and ethnic breakdowns are based on the CSS report, with hispanics allocated between white and non-white categories at a ratio of 9:1, roughly consistent with the national response patterns in the 1980 Census and elsewhere. Estimated male/female population ratios, taken from the state data, are then applied to these racial/ethnic estimates, weighting the ratios to reflect the working-age population. Estimated labor force participation rates (LFPR), the number of people actively working or seeking work, are then taken from Port Authority projections and applied to the population estimates. This produces the result shown in the table: a total 1990 estimated resident labor force of 2,803,700, with whites (including most hispanics) constituting 59.3 percent (56.8 percent male and 43.2 percent female) and nonwhites accounting for 40.7 of the labor force (55.1 percent males and 44.9 percent females).

Of course, changes in any of the assumptions would change the table's results. Factors such as higher outmigration of working-age people, earlier

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* This is a slightly different category than usual, and one which will bias the numbers on the high side. Working-age population measures include those 16 to 64 years of age, but existing population forecasts don't provide those categories.

Table III.2

Estimated Resident Labor Force, 15-64
New York City, 1990

	Males	Females
Total Population, 15-64*	2,275,840	2,467,470

	White Males	Nonwhite Males	White Females	Nonwhite Females
Estimated gender and race groups, 15-64**	1,349,801	926,038	1,463,456	1,004,014
Estimated LFPR***	.70	.68	.49	.51
Estimated Resident Labor Force, 1990 (Total = 2,803,700)	944,860	629,700	717,090	512,050

* Estimated from New York State Department of Commerce data.
** Estimted from Tobier's CSS report and Commerce data. Most hispanics are counted in "white" category; hispanics probably make up over 20 percent of those counted as "white" in this table.
*** Labor force participation rate. Source: see table III.1.

retirement among older workers or decreased job-seeking by any group would all lead to a lower resident labor force, assuming that the basic population projections are correct. Conversely, slower outmigration, rapid rises in immigrant workers, or increased job-seeking among minorities or women would raise the size of the resident labor force.

And labor force participation does not exist in a vacuum. It depends to a significant extent on the existence of job opportunities. Increased employment options often call forth higher labor force participation rates, as out-of-work people look for jobs in a better economic climate. Broad social factors also can have a significant impact on LFP rates. For example, women's labor force participation in the United States rose dramatically during the 1970s. Although this has been attributed variously to changes in women's self-perceptions and expectations, the rise of the service economy, increases in marital dissolution, growing job opportunities for women, declining fertility rates, the availability of birth control and a variety of other factors, there is no simple explanation for this historic shift. So working and seeking work is highly contingent on many other factors, which are in turn influenced by labor force participation. As in other areas, predictions here are at best extrapolations of previous trends, which cannot anticipate dramatic behavioral changes such as those of the 1970s.

Given these caveats, the various forecasts of city employment can provide some perspective on the city's future economic health and the job prospects for city residents, as one of the major factors that influences labor force participation is the number and quality of available jobs. There are a variety of estimates for future employment in the city--total employment, and

employment by major industry and occupation groups. Most of the comparable estimates are for the year 1990. Table III.3 shows five different projections for total employment in the city in 1990: the New York State Department of Labor, the Port Authority, the econometric model developed by Matthew Drennan, the National Planning Association (NPA), and the Regional Plan Association (RPA). (The state figures are used as a baseline for comparing the forecasts; this is a convention that does not represent a judgment on the relative merits of the predictions.)

Most of the projections are similar, with less than five percent variation among four of the projections. Although this range is not very significant in purely statistical terms, it still could have substantial public consequences: in New York City's economy, five percent of total employment could amount to around 175,000 jobs. The total variation in estimated employment for 1990 is around 275,000 jobs, with the NPA estimates being the lowest, and the RPA forecast the highest. (The employment totals discussed are wage and salary employment in the major sectors of the economy, excluding self-employment.)

Comparison to current data provides some basis for assessing these forecasts. The state labor department's preliminary data on payroll employment in New York City during September 1985 shows a total of 3,489,400 jobs in the city, over 51,040 jobs higher than the NPA estimates for 1990. If the NPA total figures were correct, then the city would have to suffer a net job decline in the next five years. On the other hand, if the RPA estimates (the most optimistic) turn out to be correct the city will add about 224,000 jobs by 1990, around 44,800 jobs per year (about 1.3 percent annually for a 6.4 percent gain by 1990). This forecast would assume that the job growth of recent years would continue, although at a slower pace.

Table III.3

Estimates of Total Employment, New York City, 1990

(Projection as a percent of Dept. of Labor estimates in parentheses*.)

New York State Department of Labor	3,456,700
Port Authority	3,586,900 (1.04)
Drennan	3,582,000 (1.04)
National Planning Association	3,438,360 (99.7)
Regional Plan Association	3,713,400 (1.07)

* Sources: See table I.2.

The pessimism in the NPA estimates is probably due to their incorporation of older time series data on New York City's economy, especially data from the crisis-ridden 1970s. Barring this sort of crisis at the local or national level, the NPA forecast of declining employment is an unlikely scenario. It is more striking that the most optimistic job forecast (the RPA forecast) is for less than 1.5 percent annual employment growth. Thus, forecasts for the city's future employment fall in a rather narrow band--from zero to around 1.3 percent annual employment growth.

More variation occurs when sectoral predictions for 1990 are compared. Table III.4 shows predictions for employment by broad industry sector. Although the five projections are in relatively close agreement on total employment, they vary in their sectoral predictions. For example, estimates of construction employment run from a low of 85,290 in the NPA estimates to a high of 105,700 in the Port Authority prediction, a difference of 20,410 jobs. Manufacturing jobs vary by 36,940 between the state labor department and NPA estimates. The Port Authority and the RPA estimates vary for transport, communication, and public utilities by 22,800 jobs, while the gap in estimates of trade employment reaches 92,870 jobs between the RPA and NPA estimates. Drennan forecasts the highest growth in finance, insurance, and real estate (FIRE), 34,700 more jobs than estimated by the Port Authority. And estimates of manufacturing employment vary by 67,040 between the RPA and NPA estimates.

Looking at current sectoral employment in the city provides a way to assess these differing projections. ("Current" refers to state labor department figures for payroll employment during September 1985, the most

Table III.4

Employment by Sector, New York City
September 1985 and Estimates for 1990*

(Projections as a percentage of
1985 figures in parentheses)

	September 1985, NYSDOL	NYSDOL	Port Authority	Drennan	NPA	RPA
Construction/ mining	102,400	97,500 (105.0)	105,700*** (105.0)	100,000 (97.7)	85,290 (83.3)	101,000 (98.6)
Manufacturing	423,800	411,000 (97.0)	380,500 (90.0)	385,000 (90.8)	374,060 (88.3)	441,100 (104.1)
Transport, Communications, and Public Utilities	233,800	250,900 (107.3)	235,800 (100.0)	240,000 (102.0)	244,300 (104.0)	258,600 (110.0)
Trade	638,100	586,400 (91.9)	639,000 (100.0)	634,000 (99.4)	551,430 (86.4)	644,300 (101.0)
FIRE	512,700	553,200 (108.0)	525,600 (102.5)	560,000 (109.0)	539,320 (105.2)	534,600 (104.3)
Services	1,039,200	1,557,700****	1,145,600 (110.2)	1,128,000 (108.6)	1,132,230 (109.0)	1,187,100 (114.2)
Government	538,200	****	554,700 (103.0)	535,000 (99.4)	511,730 (95.1)	543,800 (101.0)
TOTAL	3,489,400	3,456,700 (99.1)	3,586,900 (102.8)	3,582,000 (102.7)	3,483,400 (99.8)	3,710,500 (106.4)

* Sources: See table I.2. Not all columns add to totals due to miscellaneous industries such as mining.
** Services and miscellaneous.
*** Construction.
**** Services and government together in NYSDOL forecast.

recent data available.) Construction employment was 102,400, so the forecasts for 1990 range from a slight decline (the NPA forecast) to a 3 percent annual gain (the Port Authority). Manufacturing employment has a rather wide range of prediction. Current city employment is 423,800; most forecasts see a continuing decline, with the NPA envisioning the sharpest decline, around 2.4 percent a year.

As with total employment, in most cases the sectoral estimates only cover a relatively narrow range of annual job growth. Most foresee a steady, but slow growth of jobs, except in manufacturing, where the city's decline is expected to continue.

The most striking exception to this pattern is the RPA forecast of a slight growth in manufacturing employment, contrasted with other forecasts of continuing declines in this sector. Variations are also apparent in other sectoral forecasts. The Port Authority is the most optimistic about construction growth, while Drennan forecasts the highest growth in the FIRE sector (finance, insurance, and real estate). The RPA forecast is the most optimistic for transportation and communication, and the service sector. Again, it should be noted that most of the forecasts operate in a fairly narrow band of annual changes. It is only when these small annual changes are projected out over several years that significant differences show up in the number of jobs forecast.

Most of these sectoral forecasts are not carried out to the year 2000. The NPA and RPA forecasts are the exception, and table III.5 shows their projections. These forecasts are useful poles; the 1990 NPA forecast is the most pessimistic, while the RPA's is the most optimistic. As with any forecast, extrapolation further out in time causes any differences to grow.

Table III.5

Employment by Sector, New York City
First Quarter 1985 and Estimates for 2000

(Projections as a percentage of September 1985 figures in parentheses)

	September 1985, NYSDOL	NPA	RPA
Construction/ mining	102,400	78,580 (76.7)	96,700 (94.4)
Manufacturing	423,800	288,480 (68.1)	420,300 (99.2)
Transport, Communications, and Public Utilities	233,800	207,000 (88.5)	257,600 (110.1)
Trade	638,100	461,900 (72.4)	642,300 (100.1)
FIRE	512,700	525,180 (102.4)	547,800 (106.8)
Services	1,039,200	1,163,310 (111.9)	1,283,800 (123.5)
Government	538,200	475,060 (88.3)	556,400 (103.4)
TOTAL	3,489,400	3,206,460 (91.9)	3,804,900 (109.0)

Source: See table I.2.

The NPA forecasts declining employment in the city (an 8 percent decline over fifteen years), while the RPA forecast sees job growth (a 9 percent gain in the same period). While neither of these rates is exceptionally high on an annual basis, such patterns in New York's economy would lead to very different outcomes; as the two forecasts for total employment differ by almost 600,000 jobs by the year 2000. The major sources of the difference include the NPA's very pessimistic scenario for manufacturing, versus the RPA's optimistic view, which sees very little erosion of that sector. But the NPA forecast is well below the RPA figures in all sectors; in fact, the only sector where the NPA forecasts continuing job growth is services.

The sectoral composition of city employment is a major issue for the well-being of city residents and the city's overall economy. Issues such as the borough locations of different industries, the relative mix of skilled and unskilled work and associated pay levels, the varying patterns of minority employment, the existence of upward mobility in different industries, and the influence that employment structure has on such areas as housing, transportation, and family composition and demographics all will be influenced by the relative employment mix.

Another look at projected employment for 1990, this time for major occupational groups, is shown in table III.6. Here there are only two comparable forecasts: the New York State Department of Labor and the Drennan econometric model.* Again, although the total employment forecasts

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* The state figures for employment do not sum to the same total as their industry projections, as the two sets of figures were derived by different methodologies. Drennan's total employment projections are the same for industry and occupational totals, since the numbers are taken from a single econometric model.

Table III.6

Estimates of Employment by Occupation,
New York City, 1990

(Projection as a percent of Department of Labor estimates in parentheses*)

	NYSDOL**	Drennan
Professional	752,884	695,000 (.92)
Managerial	393,980	480,000 (1.23)
Sales	213,171	236,000 (1.11)
Clerical	1,054,539	1,003,000 (.95)
Crafts	263,225	322,000 (1.22)
Operatives	277,862	290,000 (1.04)
Services	571,405	455,000 (.80)
Other	123,659	101,000 (.82)
TOTAL	3,650,725	3,582,000 (.98)

* Source: See table I.2.

** Occupational figures not drawn from same source as industry data in table III.4; the state's estimate of total jobs by occupation is greater than that of jobs by industry. Drennan's figures are the same, as they come from his econometric model.

are rather close, the sectoral forecasts range rather widely. Drennan forecasts much higher employment in managerial, sales, and craft jobs, and significantly lower employment in services and other occupations.

As with the variations in industry forecasts, these differing pictures of occupational structure have different implications for the city's future. Drennan's relatively high craft job forecast is probably tied to his forecast of higher construction employment (table III.4). But his forecasts of service and professional employment are much lower than the labor department forecasts, especially in terms of absolute numbers: professional employment is 57,884 jobs below the labor department forecast, and service jobs are projected to be 116,405 fewer than the state foresees in 1990. (Again, without alternative assumptions or models, the differences between these forecasts would increase if carried out to the year 2000).

In short, the occupations which have been among the fastest growing in the city will probably not grow as fast in the future. Macroeconomic factors, along with changes in the quality of the labor force, participation rates, and technological change, combine with forecasts of slower job growth to signal trouble for the city's economic future, especially in providing employment for residents.

Conclusion

The various scenarios for the demographic and economic future of New York City reviewed here tend to point in similar directions: modest growth in both population and employment. This once again recalls the old saw of policy analysis that the safest prediction of the future is the past, plus or minus five percent. Only one set of forecasts diverges from this picture: the National Planning Association (NPA) forecasts of sharp population decline and

economic contraction. The NPA forecast is based on giving more weight to data from the 1970s, accounting for its pessimistic conclusions. While not the most likely scenario, the difficulties of the 1970s should serve to caution any policy analyst or public official: forecasts of the city's future carried out in the early 1970s would not have anticipated the depth and severity of the problems that occurred. We can only forecast the future to the extent that the future is a linear extension of the past; the more that unforeseen events intervene, the more imprecise will be the forecasts.

In population, there are two dominant trends and one "wild card." The dominant trends are the aging of the city's population, especially the very old (75 and older), and the continuing growth of the nonwhites, who will probably be well over 60 percent of the city's population by the year 2000. The "wild card" is the effect of immigration, which influences New York City much more than the rest of the state or nation. The growth of the very elderly may put severe burdens on the city's budget, especially at a time of federal cutbacks and fiscal prudence at the state and city level. And the continuing growth of the nonwhite population, many of whom are significantly poorer than whites, could create political and economic tensions in the future. In addition, the vast majority of the city's children will be from hispanic, black, and other nonwhite groups; this presents a substantial challenge to the city's educational system and economy, as improved education will be necessary for these children to have a viable stake in the city's future economy.*

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* This is not to imply that lack of education is the only barrier to improved minority employment, only that it is one significant barrier. See Jeffries (1985) for a more detailed discussion of youth employment trends and policy issues.

The consensus forecast for the city's economy is for slow but continued growth, with a continuing decline in manufacturing employment, and a variety of forecasts regarding service, financial, and other jobs. Of course, many factors that influence the city's economy lie outside of its control. They include macroeconomic forces and the business cycle, the value of the dollar and the balance of international trade, the federal deficit and its impact on interest rates, the role of federal military and social spending in favoring some industries and regions over others, and technological changes that could alter the type and number of jobs in different industries.

This should not be taken to mean that the city is powerless regarding its social and economic future; the forecasts reviewed here are scenarios of the future, not inflexible certainties. But is likely that the city will face its future challenges and problems with severe constraints on its future resources. The permanent legacy of the city's fiscal crisis, along with the size of the federal deficit and fiscal prudence at the state level means that large new amounts of funds will not be available in the future.

What will be needed are innovative new policies that can get more out of existing funds and institutions. At least three dominant issues emerge from these demographic and economic forecasts: the problems of providing adequate care to the very elderly, the need to more fully include minority residents in the city's mainstream economic and political processes, and the problems facing the educational system as students become almost all nonwhite. This paper has not engaged in detailed discussions of the policy options available to the city for addressing those and other future problems. It has instead attempted to provide a backdrop for that policy debate and development, which New Yorkers will be engaging in during the coming years.

1/23/86

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The Location of People and Jobs Within New York City

Dick Netzer

NOTE:

In the first paper in this series, the demographic projections discussed do not include the "consensus" projections on which this paper is based. The former were constructed with a city-wide focus, and not explicitly designed to produce reliable borough-by-borough figures. In contrast, the projections in this paper--which form the consensus among transportation planners--were developed for transportation planning purposes, and the main objective was to develop reasonably reliable county-by-county figures for the metropolitan region; the city-wide totals are by-products, rather than the primary output. Hence, using this data set seems appropriate in this paper.

There are some differences in the city-wide totals in the various sets of projections, but they are minor differences.

SUMMARY

THE LOCATION OF PEOPLE AND JOBS WITHIN NEW YORK CITY

Projections being used by transportation planners for the City and for regional agencies indicate that:

> --Staten Island's population will continue its rapid growth between 1985 and the year 2000, but the population of each of the other boroughs will change only marginally;
> --employment in the Manhattan central business district (CBD) will grow by another 275,000 by the year 2000, but change by only small amounts in the other parts of the city; and
> --a substantial portion of the new jobs will go to city residents, with the ratio of the employed labor force to the population increasing in each of the boroughs.

Like all projections, there are hazards in this set. The hazards, however, stem from the city-wide and region-wide totals, for the borough distributions are consistent with the overall scenario. If the city's economy expands more rapidly than projected, or if there is a very large influx of people from overseas, then the population of Brooklyn and Queens will be somewhat larger, since these boroughs have the capacity to accommodate more people more easily than in the Bronx or Manhattan.

One policy question raised by the projections is whether economic development policy for the outer boroughs should be even more aggressive than it has been, in the light of the prospect that jobs in the boroughs will not grow greatly. Another set of policy questions concerns transportation to the CBD, given the further large increase in CBD employment expected. These projections also imply the need for housing policies that foster increases in the supply of housing for CBD workers in the more accessible parts of Brooklyn and Queens, as well as in Manhattan itself.

Planners in the New York region, especially those in transportation agencies, have come up with a set of projections of the location, by borough and county, of the region's population and employment by five-year intervals out to the year 2010, projections for which there is a considerable degree of consensus. These projections are now being used by the MTA and its operating agencies as the platform for the Strategic Planning Initiative, MTA's major long-term planning project. The basic forecasts were made by the staff of the New York Metropolitan Transportation Council (NYMTC), with contributions from forecasts made by the Port Authority, Regional Plan Association and Wharton Econometric Forecasting Associates' New York model.

In this report, those projections are set out in the first section. In the second section, the question of the validity of the projections is addressed: to what extent are they based on explicit or implicit assumptions that may be risky? In the third section, some policy implications of the projections are explored, assuming that they are in fact reliable.

I. THE CONSENSUS PROJECTIONS

Employment in the city and the region (here defined to include only the area that is of concern to NYMTC, that is, the city, Long Island, five northern counties and southwest Connecticut, the last included because of the involvement of both New York and Connecticut agencies in the New Haven line rail service; New Jersey is not part of the region so defined) is projected in

Table 1. The 1985 figures in Tables 1-3 are obviously estimates based on the actual levels in 1984, using the data on hand in mid-1985, and fragmentary data for early 1985.

These projections are best interpreted by keeping in mind the recent history: employment in New York City reached a peak in 1969 of nearly 4.2 million (using RPA's comprehensive measure that includes self-employment), declined by well over 600,000 until a trough of about 3.5 million in 1977 and increased by slightly more than 200,000 subsequently. Employment in the rest of the region did not suffer actual declines, but the rate of increase was very slow in the mid-1970s, except on Long Island; since then, employment has grown quite rapidly in the region outside the city. Within the city, the period of decline was marked by large percentage declines in jobs outside the Manhattan central business district (CBD), but larger declines in actual numbers in the CBD. After the turn in 1977, initially there was growth only in the CBD, with further declines in the rest of the city. More recently, there has been some job growth outside the CBD, notably in Queens, Staten Island and the Bronx, but the best single-word description for the city outside the CBD is stability.

For the city as a whole, Table 1 projects that employment will increase by just over 200,000, or 5.4 percent, from 1985 to 2000. That compares to these increases for the rest of the region:

Long Island	102,700 or 8.8%
Northern counties	67,600 or 8.8%
Connecticut	113,300 or 13.9%

Thus, there is only a small decline in the city's share of regional employment, far smaller than occurred during the 1970s. By the year 2000,

total employment in the city will be close to the previous peak reached in 1969. Note that the growth rates in the employment projections are well below the experience of the recent past, for New York City and for the rest of the region.

Within the city, Table 1 shows an increase in employment in the CBD of 257,000, from 1985 to 2000, offset by a decline in all other parts of the city combined of just under 50,000. However, the latter is a somewhat odd figure: employment is expected to be more or less unchanged in the Bronx and Brooklyn, to increase modestly in Queens and to increase in Staten Island (substantially in percentage terms, but modestly in actual number); the non-CBD reduction is more than accounted for by a projected decline of 80,000 in Manhattan outside the CBD, a decline of 22 percent, coming after an estimated decline of nearly 73,000 (or 17 percent) between 1980 and 1985. For reasons explored below in Section II, this change in northern Manhattan is not really credible. But if the split shown in Table 1 between the CBD and the rest of the city as a whole is accepted as plausible, then employment in the CBD in the year 2000 will be well above the 1969 peak, reaching levels that were last imagined to be conceivable back in the buoyant 1960s.

Table 2 projects the number of residents of the various components of the region employed in each of the years; that employment may be in the borough or county of residence or elsewhere. We consider below the question of the extent to which the data in Tables 1 and 2 are comparable. However, Tables 2 and 3 are directly comparable, and it is best to examine the population projections in Table 3 first.

New York City's population is projected to be virtually constant in total size over the next fifteen years; in the rest of the region, population growth

is expected to be quite modest--only about 5 percent over the period, or an annual growth rate of about 0.3 percent--with especially slow growth in Long Island and a modest decline in Westchester. Within the city, Staten Island is projected to increase by 100,000--about 26 percent--while Queens and Manhattan show very little change and Brooklyn and the Bronx continue to decline, the former by 47,000 and the latter by 77,000. But even for Brooklyn and the Bronx, the change is so small in percentage terms that the projections can be interpreted as constituting stability: very small variations in any of the determining factors (for example, the age at which middle-class women have their first child, or the percentage of employed residents who choose to move from the city following retirement) could eliminate the declines. Moreover, the population projections imply that there are no significant changes in housing policies and conditions; such changes could easily result in more housing units, and people, in areas that are now nonresidential, developed at low densities or marked by devastation and abandonment.

Altough the city's population is projected to be almost constant, the number of its residents employed is projected to increase by 114,000, nearly 4 percent, by the year 2000, in Table 2. This larger increase in the resident employed labor force than in population is true of the rest of the region, and of each of the boroughs within the city. So, the very low ratio of employed residents to population (low by national standards) that has characterized New York in recent years--entirely explained by the data for the Bronx and Brooklyn--will be increasing, in all the boroughs, as the following indicates:

	Employed labor force as percent of population	
	1985	2000
New York City	42.6	44.1
Manhattan	49.4	51.5
The Bronx	35.4	36.2
Queens	47.7	49.1
Brooklyn	37.4	38.4
Staten Island	43.1	45.5
Rest of region	48.3	49.7

"Employment" versus "employed labor force." These two statistical series, on a current basis, are constructed on entirely different bases and are fundamentally non-comparable. The former is based mainly on reports from employing establishments, principally reports for unemployment insurance tax purposes, while the latter is derived from surveying small samples of households in regard to their employment status; the degree of error differs considerably between the two series and there is a major problem of taking into account out-commuting to places beyond the boundaries of the area being examined. These differences make comparisons of short-term changes in the two series suspect, like recent assertions that "most of the job increase in New York City since 1977 has gone to non-residents." But what about longer-term comparisons, such as between Tables 1 and 2, where there is no difficulty about differential error rates (both series are projections)?

Table 1 shows a projected increase of employment in New York City of 201.5 thousand between 1985 and 2000, while Table 2 shows an increase of 114.2 thousand in the New York City employed resident labor force during the same period. Is this a relative loss of jobs to commuters, or is it a statistical artifact? One way to address this question is to examine the differences between the two measures in a given recent year.

Let us look at the regional totals for 1980. "The region" in these tables excludes New Jersey, but otherwise covers the entire region in the sense that the number of commuters who cross the regional boundries is very small. In 1980, employment in the region exceeded the employed labor force by 427 thousand. There should be some excess of employment, because there were more commuters from New Jersey into the region as defined here than there were commuters to New Jersey jobs from the region as defined. A maximum estimate of the number of commuters from New Jersey to the region is 250,000, on the basis of 1980 Census journey-to-work data. The State of New Jersey, in its defense of the lawsuit challenging the constitutionality of its "Emergency Transportation Tax" on New Yorkers working in New Jersey (which was declared unconstitutional by the New Jersey Supreme Court in 1984)--the State's defense was bolstered by a high figure for the number of such commuters--claimed that there were about 95,000 of them.

Thus, "employment" in the region of residents should have been 6,063 thousand (from Table 1) less the 250 thousand commuters from New Jersey, or 5,813 thousand. But the employed labor force resident in the region from Table 2, 5,636 thousand, less the 94 thousand commuters to New Jersey equals 5,541 thousand, or 272 thousand less than the figure for employment of residents. What could account for this large spread?

One factor is simply error of one kind or another: misreporting by households in the Census and in annual surveys, and errors in estimating the numbers of self-employed and other categories not covered by unemployment insurance, as well as "underground economy" phenomena. If error is the explanation, then of course one cannot place much credence in the 87 thousand difference in the growth rate of New York City employment and the employed

labor force between 1985 and 2000 in the projections. After all, New York City accounts for over half of total employment in the region and about half of resident employment, so it is likely that half or more of the total regional "error" of 272 thousand was accounted for by New York City.

However, there is another factor at work here: the "employment" figure is a count of jobs, not of workers. There are significant numbers of people who hold more than one job at any given moment. For example, the number of adjunct (part-time) faculty members at major universities can be equal to or greater than the number of full-time faculty members; most adjunct faculty members have other jobs. Every careful study of the New York region's economy going back to the New York Metropolitan Region Study by Raymond Vernon and his associates in the late 1950s has shown that there are a large number of dual job-holders, that the number of jobs substantially exceeds the number of workers and that dual job-holding is especially marked in New York City.

We do not know much about trends in dual job-holding. It is, however, plausible that when total employment in the city increases there is also some increase in dual job-holding. Thus, considering both the possibility of error and the dual job-holding phenomenon, there is no basis for concluding from the consensus projections that a "disproportionate" share of the net increase in jobs in the city between 1985 and 2000 will go to commuters, rather than city residents. Indeed, the separate projections of journeys to work in the Manhattan central business district done by James J. Barry of NYMTC (memorandum dated August 1, 1985) show virtually no change in the percentage of such journeys made by New York City residents.

II. RISKS IN THE PROJECTIONS

How risky is it to base policy on these projections, in particular the scenario of generally high employment in the city, essentially stable population totals, and rapid job growth within the CBD? That is, what are the underlying assumptions that might be seriously in error?

1. Population

The "natural increase" variables--birth and fertility rates and death rates--even if in error cannot greatly affect the size of the city's population in the short space of fifteen years. In any case, those rates do not change abruptly. The real issue is migration. It is appropriate to interpret the results in Table 3 as incorporating projections of continued out-migration from the city of the age and ethnic groups that have been doing so for the past thirty years, offset by continued in-migration from abroad of the groups that have been immigrating here for the past twenty years (since the immigration laws were changed). If the city's economy were to do much worse than projected, there would be more out-migration, as there was during the 1970s, but probably not a great deal of dampening of the in-migration unless the bad performance of the economy persisted throughout the fifteen-year period and gave every promise of doing so indefinitely. However, if the city's economy were to do much better than projected, the population might not be much larger, because the additional economic activities would be competing with housing for space and bidding up both the price of land and construction costs, thus making it difficult to accommodate a significantly larger population. Specifically, the further economic expansion would tend to displace housing from Manhattan south of 60th Street; the reduced CBD

population would offset the likely gains in population in this scenario in the other boroughs.

If the economic projections are reasonable, then the city-wide population projections also are. And if the total population is stable, then the borough projections in Table 3 also are reasonable: stability to small increase in Manhattan and Queens, because so much of the two boroughs is seen to be highly desirable residential terrain, especially for those working in the CBD; moderate continued declines in the Bronx and Brooklyn, stemming from reductions in household size; and a large percentage increase in Staten Island.

There are two factors that could change both the city-wide total and the borough distribution. First, events abroad could trigger a very large influx of immigrants regardless of the condition of the local economy, for example, mass emigration from Hong Kong as 1997 approaches (a precedent might be the emigration of 40 percent of the population of Surinam in the two years before independence). These immigrants presumably would live wherever in the city there are both compatriots and housing that can be overcrowded, probably meaning Queens and Brooklyn in the main. Second, aggressive policies to expand the housing supply could increase the within-city population, because the projections in the table do imply that there will be a somewhat increased number of commuters (even if city residents get most of the new jobs), thus making commuting even more unpleasant--which creates a potential demand for close-in housing.

2. The high-employment scenario

As noted earlier, the projected rates of increase in Table 1 are substantially below the actual experience in the recovery since 1977; they are

far from being straight-line extrapolations of the experience of a period of extraordinarily rapid growth. But they are optimistic. That becomes especially evident if one examines the industrial composition of the citywide changes, for example, in the Summer-Fall 1985 issue of CBC Quarterly. The latter are RPA projections, taking off from a platform that is marginally higher than the NYMTC data. In the RPA projections, there are no truly weak sectors. Manufacturing employment does continue to decline, but at a very slow rate, and is actually stable or growing in the main manufacturing industries, like apparel and printing. The transportation and public utility sector is projected to be stable, and every other sector--construction, wholesale trade, retail trade, government, as well as finance and services--shows increases in employment, some quite large (notably, business services, finance, health and other nonprofit services).

This scenario may be valid, but it is important to be aware of what it implies. For example, the projected increase in health is in the face of probable large reduction in employment in hospital in-patient care; thus, the projection will be valid only if there is a huge increase in employment in health services of other types. The increase in employment in finance, given a plausible estimate of probable productivity improvements in the sector, implies an increase in output of perhaps 45 percent over the next fifteen years. The projected increase in business and professional services will be realized only if there is a generous flow of new services offered and purchased, as well as substantial continued increases in the size and number of law firms, accounting firms, consultants and the like.

On the other hand, if the "engine" of the New York economy--high-end financial, business and professional services--does continue to expand as

projected, it surely will bring a number of other sectors along with it--telecommunications, construction, hotels, even retail trade. And if all this does happen, employment in the CBD will increase quite rapidly.

The borough distribution in Table 1 implies some success, but not dramatic results, in the City's policies for economic development in the outer boroughs. The figures for the year 2000 should be read as saying that some of the major initiatives--like the downtown Brooklyn efforts--will succeed in getting back-office employment into the boroughs, but those successes will be just about enough to offset the weakness and continued shrinkage in some of the traditional sources of employment in the boroughs. In fact, Table 1 really implies that the City will be spectacularly successful in keeping back-office jobs--but most of those jobs will be within the CBD, presumably in the Valley and on the western edges. That particular aspect of the scenario does seem highly plausible, since it clearly matches the preferences of business decision-makers.

3. Manhattan outside the CBD

It was noted in the previous section that the projections (in Table 1) of a large decline in employment in Manhattan, but outside the CBD, are not really credible. These particular projections may be a statistical quirk, because they result from subtracting a set of projections, for the CBD itself, made by one agency from another set of projections, for Manhattan as a whole, made by another agency. Even small differences in assumptions and reasoning could produce a remainder that has no firm logical basis.

Manhattan outside the CBD--north of 60th Street--offers jobs that can be classed mainly in three categories. First, there are the activities that are

really no more than spillovers from the CBD itself, the retailing, entertainment and arts establishments of the East Side just north of Bloomingdale's and of Lincoln Center and the area immediately to its north. There is no earthly reason to expect such employment to decline: Manhattan's CBD has crept northward for years and even now effectively extends to 72nd Street or above.

Second, and comprising the bulk of jobs in the area, there is employment in activities serving the local resident population. That employment could be expected to decline only if the size of the resident population also was expected to decline and/or if the resident population was expected to become poorer. Neither of those conditions are at all likely: the population of Manhattan as a whole is expected to be stable (see Table 3), and increasing density associated with new apartment construction in the prime uptown areas should more than offset whatever "thinning out" continues in Harlem, Washington Heights and Inwood (thinning out means a decline in household size, with the same number of housing units; household sizes are already very low everywhere in Manhattan, except perhaps Chinatown). In addition, it is surely true that, short of disaster for the city's economy, real incomes of people living in Manhattan north of 60th Street will increase, not decline.

Third, the area has substantial numbers of jobs in major institutions, hospitals, cultural and educational. While the number of jobs in hospitals may very well decline (although the economic analysis underlying the city-wide projections seems to suggest increases, not reductions), it would take a complete shutdown of all major institutions in the area--museums, colleges and universities and hospitals--to come close to the employment decline projected. And, of course, there is no obvious reason why employment in major

institutions other than hospitals should decline at all in a city that will be generally prosperous, as the projections suggest.

Manhattan outside the CBD does not have, any longer, very much of the kind of employment that has been declining for some time throughout the older parts of the city--manufacturing and other goods-handling activities. In sum, employment in the area should increase somewhat over the period, not decline sharply. This suggests that the projected increase for the CBD as traditionally defined may be too large; the safer number on which to focus, for policy purposes, may be the projected borough-wide increase of 171,000.

III. SOME POLICY IMPLICATIONS OF THE PROJECTIONS

At this point, the discussion proceeds as if there is little question that the results in the projections will be realized in practice. Some policy changes (for example, with regard to CBD transportation) will be necessary to achieve the population and employment levels in the projections. What are those policy changes? Should policy go further, and attempt to produce different results?

1. Economic development policy for the boroughs

The boroughs, in these projections, do not suffer net economic decline, but they have more bedrooms for the Manhattan CBD than ever before. The major policy questions are, first, should the City attempt to devise new policy initiatives that will shift the location of jobs from where the planners expect them to go? And, second, at what point should the City give up on existing policy measures that are not doing very much for outer-borough nonresidential development (for example, by increasing the residential component of mixed-use projects)?

The policy initiatives that are conceivable include such things as a much more radical shift in the location of offices of public agencies from Manhattan than has been contemplated until now, earnest and sustained efforts to move whole industries (notably, the garment industry) in a block from the present concentration in Manhattan and, most of all, tilting the balance of regulation and incentives so heavily away from Manhattan toward the boroughs that there would be, in many cases, real risks that the firm or group of firms would be driven out of the city entirely. In practice, City economic development policy is quite constrained by this risk; the caution has been reasonable, especially in the initial years of recovery. Is it now sensible to be less cautious, and lean more heavily on the private sector?

It is not obvious that policies that go to great lengths--considerably greater length than existing policies--to shift economic development from Manhattan to the other boroughs do make sense. First, they are likely to require substantial up-front expenditure of public funds, such as in heavily subsidizing a large new site for the garment industry, or in relocating the offices of public agencies (not to mention the fact that the recurrent operating costs of some agencies may be considerably higher in an outer borough location--other than downtown Brooklyn--than such costs would be in Manhattan). Second, it is far from clear that the residents of the outer boroughs are significantly better off if a given number and composition (by occupation, skill level and pay scale) of jobs is differently distributed among the boroughs of the city. If all families in the city had well-paid wage-earners, and nearly all of those well-paid jobs were in Manhattan (aside from local-resident-serving jobs), the boroughs would be comfortable dormitory

suburbs, which is not the worst fate in the world for them. Also, even when the city is doing well economically, as is projected for the year 2000, there will be too few jobs to permit the high levels of labor force participation that is necessary to minimize poverty. It seems a bad idea to trade off more jobs outside Manhattan for a smaller city-wide total of jobs.

None of this is meant to suggest that it is inappropriate for the City to pursue policies to bolster the boroughs as such--to retain jobs and firms now there, to persuade firms not now in the city to locate in the boroughs, to persuade firms considering moves from Manhattan to choose the boroughs rather than locations outside the city entirely, to revitalize commercial areas thus improving the quality of life in neighborhoods as well as retaining jobs, and to locate governmental offices and facilities in the boroughs in the face of simple inertia and bureaucratic resistance to moving. Rather, the suggestion here is that each of these kinds of actions should stop short of producing a negative-sum game: when and if it becomes clear that a given initiative in outer-borough development may actually cost jobs, net, for the city as a whole, then that initiative should be scrapped.

2. CBD transportation and congestion

One additional reason why the city's residents may not be helped by measures that disperse the same number of jobs from Manhattan to the other boroughs is that the public transportation system is so heavily CBD-oriented: the dispersal policy might make jobs less, rather than more, accessible on balance to non-automobile commuters. But the other side of this proposition is that the large increase in the number of jobs in Manhattan that is projected in Table 1 will even more heavily load the CBD-oriented

transportation services and facilities. Furthermore, it will add to the difficulty of intra-CBD movement during the working day, and it will add to the high levels of pedestrian congestion and lack of amenity in the prime parts of the CBD, for the daytime population of the CBD will be substantially higher than it is now.

This implies, first, that transportation and related policies need to be framed so as to support the larger CBD loads that are likely. There is by now relatively little give in the road, street and bridge system, after the substantial increases in vehicular entries into the CBD in recent years. The public transportation system is a mix of under- and over-capacity utilization, and that mix cannot be easily balanced. Yet, over a fifteen year period, there surely are measures that can make a difference, if the problems outlined here are part of the perspective and targets of the transportation agencies and loom large in their long-range efforts. Fortunately, the transportation agencies are now moving well beyond the "patching up what we have" strategy that has necessarily been the rule for the past few years, and now are beginning to plan for the year 2000 and beyond, rather than for the next few months.

Second, the transportation capacity limits may place an effective ceiling on the volume of economic activity in the CBD; if that is the case--that is, if there really is no way of having a decently functioning CBD with more than, say, 2.4 million jobs there--and if economic forces seem to be pressing against that ceiling, there will be need for policy measures that help sort out the demand for CBD locations, and that effectively raise the ceiling, for example, by encouraging more commuters to the CBD to live in places where the

transportation system is not straining against real capacity limitations. The possible policy measures include actions in housing and other fields, but they also include transportation policy measures, like pricing differentials.

3. Housing policy opportunities

The regional job and population projections taken together suggest that there will be no real net increase in commuting to CBD jobs from Long Island, where the population increase will be significantly less than the employment increase; nor is there much room for increased commuting to Manhattan from the north. The increased number of jobs in the CBD will be held by residents of other parts of the city and by commuters from New Jersey.

That will strengthen the demand for housing in the outer boroughs, and thus support housing policies that encourage construction and rehabilitation work in those boroughs. But there is a further opportunity: because there is more available public transportation capacity from Brooklyn and Queens than from New Jersey, and because Brooklyn and Queens do have the potential for significant increases in the number of housing units, it is possible for aggressive and imaginative housing policies to make those boroughs more competitive with the suburbs for employed middle-income people than they have been over the past thirty years. This also is true for parts of the Bronx. However, because the Bronx has much less residential land area than Brooklyn and Queens, with much of that already developed at high densities, the Bronx as a whole has a much more limited capacity to accommodate additional population than the two bigger boroughs.

There is also a caution with regard to housing policies implied in these projections: they imply a substantial demand for relatively high quality

housing in the various areas with especially good access to the CBD, including Manhattan itself. Unless people employed in the better jobs in the CBD are able to find such housing, the population projections for Manhattan, Queens and Brooklyn will not be realized. That suggests that public policy must allow for some degree of gentrification in various forms to continue, in the high-accessibility areas. This does not require that housing needs for less affluent people should be ignored. It does require the avoidance of measures that effectively deter any unsubsidized rehabilitation, that sharply reduce the chances for condominium and cooperative ownership or that tax new residential construction as the source of subsidy for other housing (rather than use general taxes, not targetted on new construction as such). Such measures, of course, have been proposed in New York for years, with little success.

TABLE 1
EMPLOYMENT PROJECTIONS
(in 000's)

	1980	1985	1990	1995	2000	2005	2010	PERCENTAGE CHANGE 1980-85	1985-90	1990-95	1995-2000	2000-05	2005-10
Manhattan	2,396.50	2,509.80	2,585.00	2,624.70	2,680.60	2,706.00	2,713.40	4.69%	3.03%	1.54%	2.13%	0.95%	0.27%
-CBD-	1,965.13	2,150.25	2,250.88	2,324.93	2,401.65	2,424.47	2,431.02	9.42%	4.68%	3.29%	3.30%	0.95%	0.27%
-Non CBD	431.37	358.75	334.12	299.77	278.95	281.53	282.38	-16.83%	-6.87%	-10.28%	-6.95%	0.93%	0.30%
Bronx	202.30	212.00	210.20	208.00	206.80	206.60	205.20	4.79%	-0.85%	-1.05%	-0.58%	-0.10%	-0.68%
Queens	442.20	489.50	503.30	506.00	511.70	519.20	526.20	10.70%	2.82%	0.54%	1.13%	1.47%	1.35%
Brooklyn	439.50	432.70	435.30	435.00	436.40	437.60	432.80	-1.55%	0.60%	-0.07%	0.32%	0.27%	-1.10%
Staten Island	57.00	65.60	70.00	74.00	74.80	75.50	76.20	15.09%	6.71%	5.71%	1.08%	0.94%	0.93%
NEW YORK CITY	3,537.50	3,708.80	3,803.80	3,847.70	3,910.30	3,944.90	3,953.80	4.84%	2.56%	1.15%	1.63%	0.88%	0.23%
Nassau	623.20	656.20	667.50	673.50	682.20	685.80	692.40	5.30%	1.72%	0.90%	1.29%	0.53%	0.96%
Suffolk	425.50	514.50	551.10	571.40	591.20	611.40	632.70	20.92%	7.11%	3.68%	3.47%	3.42%	3.48%
LONG ISLAND	1,048.70	1,170.70	1,218.60	1,244.90	1,273.40	1,297.20	1,325.10	11.63%	4.09%	2.16%	2.29%	1.87%	2.15%
Westchester	403.90	433.50	445.60	450.40	457.00	456.90	455.70	7.33%	2.79%	1.08%	1.47%	-0.02%	-0.26%
Putnam	14.90	17.70	19.10	20.40	21.50	22.20	22.50	18.79%	7.91%	6.81%	5.39%	3.26%	1.35%
Dutchess	105.80	123.60	130.90	136.20	141.60	147.00	152.10	16.82%	5.91%	4.05%	3.96%	3.81%	3.47%
Rockland	90.70	98.20	101.10	102.50	103.40	105.70	108.70	8.27%	2.95%	1.38%	0.88%	2.22%	2.84%
Orange	89.60	97.30	105.10	110.10	114.40	118.70	124.00	8.59%	8.02%	4.76%	3.91%	3.76%	4.47%
NORTHERN SUBURBS	704.90	770.30	801.80	819.60	837.90	850.50	863.00	9.28%	4.09%	2.22%	2.23%	1.50%	1.47%
NEW YORK TOTAL	5,291.10	5,649.80	5,824.20	5,912.20	6,021.60	6,092.60	6,141.90	6.78%	3.09%	1.51%	1.85%	1.18%	0.81%
CONNECTICUT	772.20	816.90	863.70	896.00	930.20	941.80	944.90	5.79%	5.73%	3.74%	3.82%	1.25%	0.33%
REGION TOTAL	6,063.30	6,466.70	6,687.90	6,808.20	6,951.80	7,034.40	7,086.80	6.65%	3.42%	1.80%	2.11%	1.19%	0.74%

SOURCE: New York Metropolitan Transportation Council.

CBD projections through the year 2000 are based on forecasts from the Port Authority of NY & NJ. After 2000, CBD employment growth is constrained to total Manhattan employment growth.

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TABLE 2
EMPLOYED LABOR FORCE PROJECTIONS
(in 000's)

	1980	1985	1990	1995	2000	2005	2010	PERCENTAGE CHANGE 1980-85	1985-90	1990-95	1995-2000	2000-05	2005-10
Manhattan	698.70	709.70	724.60	732.90	747.10	755.60	760.60	1.57%	2.10%	1.15%	1.94%	1.14%	0.66%
Bronx	402.90	405.10	400.30	392.40	386.50	389.90	390.80	0.55%	-1.18%	-1.97%	-1.50%	0.88%	0.23%
Queens	850.30	912.70	932.10	937.10	947.60	961.50	974.50	7.34%	2.13%	0.54%	1.12%	1.47%	1.35%
Brooklyn	820.80	833.50	837.20	836.60	839.30	841.50	832.30	1.55%	0.44%	-0.07%	0.32%	0.26%	-1.09%
Staten Island	148.50	165.40	184.20	205.90	220.10	228.70	238.20	11.38%	11.37%	11.78%	6.90%	3.91%	4.15%
NEW YORK CITY	2,921.20	3,026.40	3,078.40	3,104.90	3,140.60	3,177.20	3,196.40	3.60%	1.72%	0.86%	1.15%	1.17%	0.60%
Nassau	628.30	646.70	652.80	650.70	651.30	662.60	677.20	2.93%	0.94%	-0.32%	0.09%	1.73%	2.20%
Suffolk	538.50	601.50	634.40	651.20	667.10	696.70	728.30	11.70%	5.47%	2.65%	2.44%	4.44%	4.54%
LONG ISLAND	1,166.80	1,248.20	1,287.20	1,301.90	1,318.40	1,359.30	1,405.50	6.98%	3.12%	1.14%	1.27%	3.10%	3.40%
Westchester	415.20	435.40	439.00	437.30	437.30	443.60	449.00	4.87%	0.83%	-0.39%	0.00%	1.44%	1.22%
Putnam	34.10	40.90	46.60	52.30	58.00	63.40	68.30	19.94%	13.94%	12.23%	10.90%	9.31%	7.73%
Dutchess	105.80	118.00	127.10	134.90	143.00	151.50	160.10	11.53%	7.71%	6.14%	6.00%	5.94%	5.68%
Rockland	119.60	131.90	138.50	142.30	145.60	151.80	157.60	10.28%	5.00%	2.74%	2.32%	3.71%	4.37%
Orange	103.90	115.30	128.20	137.60	146.70	156.20	167.50	10.97%	11.19%	7.33%	6.61%	6.48%	7.23%
NORTHERN SUBURBS	778.60	841.50	879.40	904.40	930.60	965.70	1,002.50	8.08%	4.50%	2.84%	2.90%	3.77%	3.81%
NEW YORK TOTAL	4,866.60	5,116.10	5,245.00	5,311.20	5,389.60	5,502.20	5,604.40	5.13%	2.52%	1.26%	1.48%	2.09%	1.86%
CONNECTICUT	769.80	827.80	864.50	886.60	910.00	934.60	950.90	7.53%	4.43%	2.56%	2.64%	2.70%	1.74%
REGION TOTAL	5,636.40	5,943.90	6,109.50	6,197.80	6,299.60	6,436.80	6,555.30	5.46%	2.79%	1.45%	1.64%	2.18%	1.84%

SOURCE: New York Metropolitan Transportation Council

TABLE 3
POPULATION PROJECTIONS
(in 000's)

	1980	1985	1990	1995	2000	2005	2010	PERCENTAGE CHANGE 1980-85	1985-90	1990-95	1995-2000	2000-05	2005-10
Manhattan	1,428.30	1,435.60	1,453.80	1,453.80	1,451.80	1,438.20	1,422.90	0.51%	1.27%	0.00%	-0.14%	-0.94%	-1.06%
Bronx	1,169.00	1,144.20	1,126.40	1,095.70	1,067.50	1,050.50	1,032.30	-2.12%	-1.73%	-2.55%	-2.57%	-1.59%	-1.73%
Queens	1,891.30	1,911.00	1,940.80	1,940.80	1,928.60	1,917.40	1,904.10	1.08%	1.52%	0.00%	-0.63%	-0.57%	-0.70%
Brooklyn	2,230.90	2,231.60	2,227.20	2,212.90	2,184.80	2,150.20	2,113.40	0.03%	-0.20%	-0.64%	-1.27%	-1.58%	-1.71%
Staten Island	352.10	383.00	415.40	458.30	483.90	493.50	502.20	9.00%	8.23%	10.33%	5.59%	1.98%	1.76%
NEW YORK CITY	7,071.60	7,107.00	7,161.60	7,161.50	7,116.60	7,050.00	6,974.90	0.50%	0.77%	.00%	-0.63%	-0.94%	-1.07%
Nassau	1,321.60	1,296.70	1,297.80	1,302.40	1,298.30	1,290.30	1,279.00	-1.88%	0.08%	0.35%	-0.31%	-0.62%	-0.88%
Suffolk	1,284.20	1,339.50	1,371.60	1,400.50	1,426.00	1,457.40	1,483.00	4.31%	2.40%	2.11%	1.82%	2.20%	1.76%
LONG ISLAND	2,605.80	2,636.20	2,669.40	2,702.90	2,724.30	2,747.70	2,762.00	1.17%	1.26%	1.25%	0.79%	0.86%	0.52%
Westchester	866.60	865.80	863.30	860.70	852.40	843.50	831.00	-0.09%	-0.29%	-0.30%	-0.96%	-1.04%	-1.48%
Putnam	77.20	86.70	96.20	106.90	117.60	125.90	132.50	12.31%	10.96%	11.12%	10.01%	7.06%	5.24%
Dutchess	245.10	258.80	274.60	290.60	305.10	316.20	326.00	5.59%	6.11%	5.83%	4.99%	3.64%	3.10%
Rockland	259.50	266.50	273.10	280.00	285.80	290.20	293.70	2.70%	2.48%	2.53%	2.07%	1.54%	1.21%
Orange	259.60	274.50	299.20	317.70	336.10	352.60	369.00	5.74%	9.00%	6.18%	5.79%	4.91%	4.65%
NORTHERN SUBURBS	1,708.00	1,752.30	1,806.40	1,855.90	1,897.00	1,928.40	1,952.20	2.59%	3.09%	2.74%	2.21%	1.66%	1.23%
NEW YORK TOTAL	11,385.40	11,495.50	11,637.40	11,720.30	11,737.90	11,726.10	11,689.10	0.97%	1.23%	0.71%	0.15%	-0.10%	-0.32%
CONNECTICUT	1,624.80	1,655.50	1,688.30	1,715.10	1,738.20	1,749.70	1,749.90	1.89%	1.98%	1.59%	1.35%	0.66%	0.01%
REGION TOTAL	13,010.20	13,151.00	13,325.70	13,435.40	13,476.10	13,475.80	13,439.00	1.08%	1.33%	0.82%	0.30%	.00%	-0.27%

SOURCE: New York Metropolitan Transportation Council.

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Welfare and Family Policy in New York City

Elizabeth Durbin

Summary

This report makes three contributions to understanding the options faced by New York City in shaping its own policies to deal with the problems of poor families. First, it discusses likely trends in the growth of female-headed households in the City to the year 2000. Secondly, it analyzes the City's AFDC program over the past decade, and the Federal, State and City expenditures on the major cash assistance programs for poor families. Finally, it outlines possible conservative and liberal scenerios for the direction of Federal policies, and the State's responses; it traces their impact on the City's choices and it ends with a series of recommendations.

The number of female-headed households in New York City is expected to increase, given the higher fertility, the larger proportion of female-headed households and the continued in-migration of blacks and hispanics and the continued out-migration of white families. However, in contrast to the nation, illegitimacy has risen more slowly in the City, birth rates have declined among nonwhite teenagers, and abortion rates remain three times higher. Thus, it is possible that the growth of female-headed households among minorities may be slowing down in New York City.

Despite the growth of poor female-headed households since 1975, AFDC caseloads have fallen slightly in recent years. Moreover, the number of recipients has declined significantly, as the number of children per case fell from 2.4 to 2.0. Turnover rates have risen, and the average length of stay on AFDC has fallen. A very small percentage of AFDC mothers work in New York, despite many efforts to encourage them; it is unlikely that jobs with sufficient income to keep families permanently off welfare can be found for the 100,000 AFDC mothers assessed "employable."

The main reason for the stability of the AFDC caseload has been the sharp decline in the real value of AFDC benefits, which remained the same from 1973 to 1981, which reduces the number of families eligible for assistance. Despite recent increases, the basic welfare benefit in New York State is still only two-thirds of the official United States poverty level. Analysis of the fiscal contributions to cash assistance programs reveals that cuts in AFDC and Food Stamps were offset by increases in Home Relief and Medicaid. Because of the different funding formulae, the Federal Government continued to pay half, and the State and City a quarter each.

A conservative scenerio with an emphasis on cuts in welfare programs and strict work requirements obviously offers the least options for the State and City, and raises the spectre of further reductions in services for poor families. A liberal scenario contains many more possibilities, although some could add significantly to the City's tax burden. The best bets for the City are: (1) an AFDC federalization plan with Federal minima at sixty percent or more of the official poverty level; (2) a Federal expansion of AFDC to cover working poor families now on Home Relief.

However, it is also important for the City to develop its own approach to helping poor families. The implementation of AFDC at the local level has a significant impact on the size of the caseload. National studies suggest that it can have the most direct effect through increasing work effort. However, this report concludes that it would be preferable to concentrate employment and training efforts on minority teenagers, both men and women, if real progress is to be made in preventing the first steps towards family disintegration. The city can be most effective in coordinating policies towards welfare, abortion and family planning, education, jobs, training and crime.

The recommendations for New York City fall into four categories: (1) those to obtain fiscal relief; (2) those to develop its own social welfare through its implementation of AFDC; (3) those to maintain and develop its own ancillary programs and services; (4) those to conduct further research to discover the most effective programs and policies for providing appropriate support to poor families. The two most significant policy recommendations are: (1) to continue to press for Federalization of AFDC; (2) to reject the "workfare" approach to require employable mothers with children over the age of 6 to work, at the expense of programs to prevent teenage pregnancy and to increase the earnings prospects of minority teenagers, the fathers and the mothers of the next generation.

Introduction

The purpose of this paper is twofold: (1) to present and discuss the data available for making informed judgments about future trends in family formation and the demand for social services in New York City; (2) to outline the options which the City may face in dealing with welfare and family policy, given different scenarios in the direction of Federal and State policy and the limitations which they may place on the City's policy choices.

Over the last twenty years, the problem of poverty in this country has become increasingly the problem faced by female headed households, particularly by blacks and hispanics in urban ghettos. Apart from education, the most significant social programs in terms of public expenditure for addressing the needs of these poor families are Aid to Families with Dependent Children (AFDC), Medicaid and Food Stamps. The financing of the first two is shared by Federal and State governments, with benefit levels set by states, while Food Stamps are financed entirely by the Federal government with national standards of eligibility set in Washington, although the program is administered locally. In New York State, unlike almost any other state, local governments are required to share financing responsibility with the State. Thus, in 1983 (the latest year with complete data), $5,873 million were spent in New York City on these three programs, of which the Federal government paid almost half, $2,871 million, and the State and the City a quarter each. Table 1 shows that these programs accounted for more than three quarters of total expenditures on public assistance and service programs in New York City in 1983. The City's share in this total cost of social services was $1,702 million out of the total $7,709 million. Many of the additional social services, such as day care and foster care, are also intended to aid families

Table 1

Expenditures on Public Assistance and Service Programs
in New York City in 1983

	$ (millions)		% (of Total Expenditures)	
I. Total Expenditures[1]	$7,709		100.0%	
II. By Major Program[1]				
1. Income Maintenance	1,529		19.8	
AFDC		1,175		15.2
Home Relief		340		4.4
2. Medical Assistance	3,758		48.7	
3. Food Stamps	586		7.6	
Subtotal for 3 programs	5,873		76.1	
4. Services	544		7.1	
Day Care		126		1.7
Foster Care		228		3.0
5. Supplementary Security Income	604		7.8	
6. Other Services	107		1.4	
[illegible]		95		1.2
7. Administrative Costs	581		7.5	
III. By Funding Source				
1. Total Expenditures[1]	7,709		100.0	
Federal		3,976		51.6
State		2,031		26.3
New York City		1,702		22.1
2. 3 Assistance Programs[2]	5,873		100.0	
Federal		2,871		48.9
State		1,559		26.5
Local		1,442		24.6

Notes: 1. New York State Department of Social Services, Annual Report: Statistical Summary, 1983, Table 1, p. 1.

2. Calculated from additional information in the same source:
   1. Income Maintenance, Table 9, p. 9
   2. Medical Assistance, Table 26, p. 39
   3. Food Stamps, Table 42, p. 57.

in need. Consequently, understanding the dynamics of the forces which determine the demand for AFDC will help to explain most of the City's expenditures on poverty; it also provides the necessary first step towards outlining the options and the constraints which the City faces in trying to ensure a better future for its most vulnerable citizens, its poor children.

This paper is divided into three sections. The first describes and discusses possible trends in family formation in New York City against the background of projected demographic changes to the year 2000. Although it is not expected that the City can do much to alter the basic population shifts which occur due to births, deaths and migration, there are those who believe it can influence the formation of poverty-prone female headed households through its implementation of the AFDC program and the other social service programs which affect the need for cash assistance. Therefore, the second section describes and analyzes trends in AFDC caseloads and in expenditures on social programs in New York City. The final section outlines the controversies surrounding the City's role in determining AFDC caseloads, and presents different scenarios in the direction of Federal and State welfare policy, their likely effect on the City's fiscal responsibilities and, therefore, on policy options which must be considered in designing an appropriate welfare and family policy for New York City. This paper will not attempt to review the broad range of programs and services for the poor which the City has undertaken because the Commission staff is already doing such a study. The intent is to outline and to discuss the City's options within the broader context of national and state policy.

I. Trends in family formation in New York City

While a "family" can be formed whenever two or more individuals decide to live together, the main focus of policy concern has become the environment in which children grow up, particularly with the apparent decrease in the number of traditional families of a husband and wife raising their own children together. Later and fewer legal marriages, postponements of childbearing and increasing divorce rates have dramatically altered family circumstances throughout the United States. However, these patterns have not been uniform among ethnic groups nor among geographic areas. The total number of households continued to increase on average in the 1970s, as baby-boom children born in the 1950s set up their own homes, as the number of one person households rose, as people lived longer and as the number of single parent families grew.[1] Although similar trends occurred in New York City, the number of households fell with the decline in the total population; and the number of families declined faster in the City than in the population as a whole. However, the number of female-headed families continued to grow in New York City, although the rate of increase was substantially less than in the United States.

Tables 2 and 3 contain more detailed comparisons between New York City and the USA in rates of family formation, the family status of children and changes between 1970 and 1980. In New York City the proportion of families among households is strikingly lower and the proportion of single person households is correspondingly higher. Furthermore, although the number and share of families with children is declining in the United States, in New York

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1. Evelyn M. Kitagawa, "New Life-Styles: Marriage Patterns, Living Arrangements, and Fertility Outside Marriage." The Annals of the American Academy, January 1981, p. 3.

Table 2

Changes in Family Formation 1970 to 1980:
New York City and the United States

		1970	1980	Percentage change 1980/1970
I.	Household and families (in thousands)			
1. NYC[1]	Total Households	2,837	2,792	- 2%
	1 person	N/A	913	
	Total Families	2,044	1,758	- 14%
	Female headed	354	463	+ 31%
2. USA[2]	Total Households	63,401	80,776	+ 27%
	1 person	10,900	18,300	+ 68%
	Total Families	51,586	59,550	+ 15%
	Female headed	5,591	8,705	+ 56%
II.	Family Formation Rates			
1. NYC	Families/Households	.72	.63	- 12%
	1 person/Households	N/A	.34	
	Female headed/Families	.17	.26	+ 52%
2. USA	Families/Households	.81	.74	- 9%
	1 person/Households	.17	.23	+ 32%
	Female headed/Families	.11	.15	+ 35%

Sources: 1. New York City Planning Commission, Capital Needs and Priorities for the City of New York, March 1983, Table 2-22, p. 54.
2. U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States: 1985, Tables 55 and 56, p. 41.

Table 3

Changes in Family Status of Children 1970 to 1980:
New York City and the United States

	1970	1980	Percentage change 1980/1970
I. Family Status of All Children Less than 18			
1. NYC[1]			
Thousands children under 18	2,232	1,768	- 21%
Thousands families w/ children under 18	983	843	- 14%
Children per family	2.3	2.1	- 9%
2. USA[2]			
Thousands children under 18	67,800	61,300	- 10%
Thousands families w/ children under 18	25,550	25,364	- 1%
Children per family	2.7	2.4	- 11%
II. Family Status of Children by Race			
1. NYC[3]			
a) Thousands under 18			
White	1,104	630	- 43%
Black	570	553	- 3%
Hispanic	501	509	+ 2%
Other	58	76	+ 31%
b) Percentage living w/mother only[4]			
White	N/A	13.3%	
Black	N/A	44.6%	
Hispanic	N/A	41.9%	
2. USA[1]			
a) Thousands under 18			
White	58,500	52,000	- 11%
Black	9,300	9,300	0%
b) Percentage living w/mother only			
White	8.6%	13.6%	+ 58%
Black	30.8%	44.5%	+ 44%

Sources:
1. New York City, Department of City Planning, NYC 1980 Census Tables, number 2B P-2, Series STF-2B, as given in NYC Commission on the Year 2000 draft report on family household composition, Table 4.
2. U.S. Department of Commerce, Bureau of the Census, Statistical Abstract 1985, Table 67, p. 47.
3. Emanuel Tobier, The Changing Face of Poverty: Trends in New York City's Population in Poverty, Community Service Society, November 1984, Appendix Table 2.
4. U.S. Department of Commerce, Bureau of the Census, NYC 1980 Census, as given in New York City Commission on the Year 2000 draft report on family household composition, Table 2.

both fell much faster. Despite the slower increase in the numbers of female headed households in the City, their share remains much higher, more than a quarter of New York City families compared to 15 percent nationally, and their proportion has been rising faster for three reasons: (1) there is a far greater proportion of black and hispanic families in New York City; (2) such families are three times more likely to be female headed than white families; and (3) their numbers have been increasing while white families have been moving out in substantial numbers.

However, these trends do not mean that black children in New York are more subject to family instability than elsewhere; indeed, their plight is mirrored in identical national patterns. In 1980 44.5 percent of all American black children lived with their mother only, almost exactly the same proportion as New York's black children; 13.6 percent of American white children were also in this category and 13.3 percent of New York's white children.[2] Trends in the country as a whole since 1980 indicate a continued increase in these proportions for both white and black children, to 15.0 percent and to 51.5 percent respectively by 1983.[3]

These differences in population mix will also affect future trends in family formation, even if the proportions of female headed households within ethnic groups do not change. Thus, the number and incidence of female headed

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2. These statistics are not strictly comparable, since hispanics are included in the USA average for whites but separate figures are available for New York City. In 1982 41.9 percent of hispanic children in New York lived with their mother only. The slightly higher USA average for white children is probably accounted for by this discrepancy.

3. U.S. Bureau of the Census, Statistical Abstract: 1985, Table 67, p. 47.

households will continue to rise in New York City, if it is projected that the number of black and hispanic women of childbearing age will increase. Indeed, the proportions could even decline somewhat, and the numbers would still climb, such is the force of the demographic shifts. In 1980 out of the total one and three quarter million New York children under 18, just over 600,000 lived with their mother only. Using 1990 projections of white, black and hispanic children under 18, and the 1980 proportions living with their mother only for each ethnic group, we estimate that the number of children living with their mother only could rise to more than 660,000, even though the total number of children under 18 is projected to decline to 1,650,000.[4]

The projections of the number of children under the age of 18 are largely determined by the assumptions made about fertility and migration trends. The studies evaluated (in the paper on population forecasts included in this report) differed in methodology and in assumptions. Thus, they disagreed over whether the City's total population would stabilize or would continue to decline, based largely on different assumptions about the growth of the City's economy and its elderly population. However, they showed remarkably little difference in their projections of the number of children and of adults of childbearing age to 2000. The two studies, which made projections by age and race to the year 1990 only, also showed little difference; but both were based on more pessimistic assumptions about the City's growth. Details of these

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4. To make these estimates, we used the estimated projections of population by age and race provided in Emanuel Tobier, The Changing Face of Poverty: Trends in New York City's Population in Poverty, 1960-1990, Community Service Society of New York, 1984. See also Demographic and Economic Projections for New York City: A Report to the Commission on the Year 2000 by Richard McGahey.

Table 4

Comparison of Projections of New York City Population by Age and Race
1970, 1980, 1990 and 2000

	1970	1980	1990	2000
I. Population By Age (in thousands)[1]				
a) Children:				
1. Total, 0-19				
U.S. Census	2,473	1,988		
NYS Commerce			1,836	1,839
NPA			1,844	1,846
CSS			1,841	
2. 0-4				
U.S. Census	616	471		
NYS Commerce			503	481
NPA			570	471
CSS			497	
3. 5-19				
U.S. Census	1,858	1,517		
NYS Commerce			1,334	1,358
NPA			1,274	1,375
CSS			1,344	
b) Adults in Childbearing Ages: 15-44				
U.S. Census	3,583	3,394		
NYS Commerce			2,847	2,623
NPA			2,885	2,574

				Percentage Changes	
	1970	1980	1990	1980/1970	1990/1980
II. Population By Age and Race[2] (in thousands)					
a) Children:					
1. 0-4					
White	290	159	99	- 45%	- 38%
Black	156	143	176	- 8%	+ 23%
Hispanic	152	147	182	- 3%	+ 24%
Other	18	23	40	+ 28%	+ 74%
2. 5-17					
White	814	471	310	- 42%	- 34%
Black	414	410	400	- 1%	- 2%
Hispanic	349	362	351	+ 4%	- 3%
Other	40	53	89	+ 33%	+ 68%
b) Adults: 18-54					
White	814	471	310	- 42%	- 34%
Black	414	410	400	- 1%	- 2%
Hispanic	602	767	888	+ 27%	+ 16%
Other	98	162	290	+ 65%	+ 79%

(continued)

Table 4
(continued)

Sources:
1. Calculated from Worksheets for Demographic and Economic Projections for New York City: A Report to the Commission on the Year 2000 by Richard McGahey (see report for details).
2. Estimates provided in Emanuel Tobier, The Changing Face of Poverty: Trends in New York City's Population in Poverty, 1960-1990, Community Service Society of New York, 1984.

Abbreviations:

NYS Commerce = New York State Department of Commerce
NPA = National Planning Association
CSS = Community Service Society (Tobier report cited in source 2 above.)

projections are presented in Table 4. They suggest that the total numbers of children and of adults in the childbearing ages are expected to decline by the year 2000. However, the Community Service Society study projects an increase in all nonwhite age groups to the year 1990, largely through an increase in the youngest age group (based on the assumption that fertility does not decline any further in the 1980s), the continued out-migration of whites (although at lower rates), and the continued in-migration of nonwhite hispanic and Asian adults 18 to 54. (For further details, please refer to Demographic and Economic Projections for New York City by Richard McGahey.)

The New York State Council on Children and Families has projected that the number of households in New York City will increase somewhat by the year 2000, that the proportion of married couple households with children will increase, that the proportion of "other families" with children (predominantly female headed) will also increase, and that the proportions of households without children and nonfamily households will decrease.[5] Their findings also project a continued decline in household size. These projections are based on the New York State Department of Commerce projections of population by county in New York State (see paper on population forecasts for a fuller discussion). The Department of Commerce used county estimates of fertility, mortality and migration by age, but they did not account for changes in ethnic mix. The New York State Council on Children and Families assumed "that marriage increasingly will be preferred by all age groups," that fertility will continue to be low and divorce rates and illegitimacy to be high, and

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5. New York State Council on Children and Families, "Provisional Projections of New York State Households 1980-2000." Mimeograph, October 1984.

that increased male life expectancy will increase the proportion of households with married couples over 65. The failure to account for changes in racial mix casts doubt on the usefulness of these projections for New York City.

The fear that the proportion of female headed households will continue to climb in the 1980s, as it did in the 1970s, is at the heart of current concerns about family policy in the United States, especially the soul-searching about the future of black families. Understanding the forces which determine family formation behavior is obviously essential for devising policy. But there is little agreement about the causes of the decline in traditional family patterns, and even less about the appropriate role of government in general and about the relevant role of the different levels of government in particular. Before discussing these controversies, it will be helpful to examine what has been happening in New York City, in order to make some judgments about possible future trends.

The proportion of female headed households with children for any group will rise, if divorce or desertion rates rise, if remarriage occurs less often, if illegitimacy increases, if single mothers are less likely to live with their parents. Changes in fertility rates will affect the numbers of children who are in female headed households, but will only decrease the proportion of such households if more women are having no children.

The marital status of New Yorkers changed dramatically in the 1970s. Table 5 shows that the number and proportion of married people over 15 fell substantially, while single people increased. The number of divorced and separated, while only accounting for 11 percent of the population, had doubled since 1970. However, these figures give a misleading picture of the dynamics

Table 5

Marital Status of New York City Population
and United States Divorce Rates, 1970 and 1980

		1970	1980
I. NEW YORK CITY[1]			
1. Numbers of People over 15, by Marital Status			
	Married	3,373	2,579
	Separated	259	303
	Divorced	173	316
	Widowed	598	548
	Single	1,620	1,902
	TOTAL	6,023	5,647
2. Marital Status as percent of Population over 15			
	Married	56%	46%
	Separated	4%	5%
	Divorced	3%	6%
	Widowed	10%	10%
	Single	27%	34%

II. UNITED STATES: Divorce Rates[2]

	1970	1980	Percentage change, 1980/1970
1. Total	47	100	+113%
Male	35	79	+126%
Female	60	120	+100%
2. White			
Male	32	74	+131%
Female	56	110	+96%
3. Black			
Male	62	149	+140%
Female	104	258	+148%

Sources: 1. NYC, Human Resources Administration, New York City Social Report, December 1982, p. 11.
2. Divorced persons per 1,000 married persons with spouse present by Sex and Race. U.S. Bureau of the Census, Statistical Abstract: 1985, Table 49, p. 38.

of marital status. Heather Ross and Isabel Sawhill in their pioneering study of the growth of female headed households called it "A Time of Transition." They emphasized that most of the women that find themselves taking care of their children as single parents, do in fact remarry. Although we could find no figures to indicate the rate of remarriage in New York, Ross and Sawhill estimated that out of 1,000 divorced women 150 remarried during 1960; by 1970 this figure had risen to 189.[6] 191 divorced white women out of 1,000 remarried in 1970, but only 174 nonwhite women did. They concluded that:

> For most women and their children, living outside a traditional family is a transitional rather than a permanent state, an experience which typically lasts no more than 5 or 6 years.[7]

The researchers found that on the whole, black families were as stable as white families of the same economic and demographic characteristics, but higher illegitimacy rates and high black male unemployment contributed to a much higher proportion of black female headed households in general and a longer period of transition. They also estimated that women on AFDC had much lower remarriage rates than women with similar characteristics, such as age, race and number of children, including poor women not on welfare.

Divorces have continued to rise, so have remarriages. A later study estimated that as the divorce rate rose nationally from 26 per 1,000 married women aged 14 to 44 in 1969-71 to 37 in 1975-77, remarriages increased to 646

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6. Heather L. Ross and Isabel V. Sawhill, Time of Transition: The Growth of Families Headed by Women, Urban Institute, Washington, D.C. 1975, p. 26.

7. Ibid, p. 160.

thousand compared to over a million divorces.[8] More recently, in an important series of studies on the dynamics of female headed families, poverty and AFDC, Bane and Ellwood have concluded that, despite higher remarriage rates, children born into families without both parents are more likely to remain in such families for some time. Indeed, they estimate that half of all black children born into families headed by their mothers remain so throughout their childhood and that, ten percent of white children in the same situation also spend their entire childhood in that state.[9]

If these national trends have held in New York City, the City's ethnic mix would suggest a lower average remarriage rate among its female heads of household, as well as a lengthier period "in transition". Table 5 summarizes information on marital status in New York City and on divorce rates in the United States in 1970 and 1980. Divorces and separations have continued to increase; black divorce rates are double white rates nationally, and they rose faster during the decade. Thus, given the expected continued increase in the proportion of blacks in the City, these trends would suggest further increases in divorce, decreases in remarriage and, in the future, children spending longer time periods living with their mother only.

The major impact of a decline in fertility is to reduce the size of all families, including female headed families, rather than the number of families

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8. Kitagawa, op. cit., table 45, p. 20.

9. M.J. Bane and D.T. Ellwood, "Single Mothers and Their Living Arrangements," working paper, supported by the U.S. Department of Health and Human Services Grant, Contract No. HHS-100-82-0038, 1984.

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or even the number of families with children. However, if illegitimacy rates increase, the number of female headed households may eventually increase, even if fertility declines. Similarly, an increase in abortions is more likely to reduce family size than family numbers. But, a decrease in the abortion rate could affect illegitimacy rates. Tables 6, 7, and 8 present comparative data on fertility, illegitimacy and abortions in New York City and the United States since 1970.

Birth rates for all age groups and for both whites and nonwhites have been lower in New York City than in the nation. They also fell dramatically during the decade in the City and in the United States, although national year to year data indicate that all rates levelled off after the mid-1970s; more recently national fertility has declined for all age groups, except for women aged 30 to 34.[10] However, these general trends disguise some significant differences. Most striking is the decline in total fertility for the average white woman in New York City from an estimated 2.3 children in 1970 to 1.5 in 1980, a much sharper decrease than for the average American white woman. By contrast, the average nonwhite woman in New York City could expect to have 2.7 children in 1970 and 2.1 in 1980, but the decline was significantly less than the national decline from 3.1 to 2.3 children. Yet the birth rate for nonwhite teenagers declined more in New York City than in the USA, while white teenage birth rates fell at about the same rate. Interestingly, birth rates fell least for nonwhite women in their thirties in New York City, and fell most for older white and nonwhite women in the USA. The sharpest decline in

10. Ibid., Table 1/6, p. 21. See also New York Times, December 4, 1985, p. A1.

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Table 6

Birth and Fertility Rates By Age, New York City and the United States
1970 and 1980

	New York City			United States		
	1970	1980	Percentage change, 1980/1970	1970	1980	Percentage change, 1980/1970
Birtn Rates of All Women						
10-14	0.3	0.3	0	1.2	1.1	- 8%
15-19	64.7	48.6	- 25%	81.2	52.3	- 36%
20-24	145.6	92.9	- 36%	167.8	115.1	- 31%
25-29	142.4	98.3	- 31%	145.1	112.9	- 22%
30-34	85.7	71.7	- 16%	73.3	61.9	- 16%
35-39	37.1	31.2	- 16%	35.7	19.8	- 38%
40-44	8.6	6.0	- 30%	8.1	3.9	- 52%
45-49	N/A	N/A		0.5	0.2	- 60%
Total Fertility[1]	2,421	1,744	- 28%	2,480	1,836	- 26%
Birth Rates of White Women						
10-14	N/A	N/A		0.5	0.6	+ 20%
15-19	46.4	35.6	- 23%	58.1	44.0	- 24%
20-24	136.0	76.7	- 44%	163.4	109.5	- 33%
25-29	148.0	91.4	- 38%	145.9	112.4	- 23%
30-34	89.1	68.9	- 23%	71.9	60.4	- 16%
35-39	37.0	29.5	- 20%	30.0	18.5	- 38%
40-44	8.2	5.3	- 35%	7.5	3.4	- 55%
45-49	N/A	N/A		0.4	0.2	- 50%
Total Fertility[1]	2,324	1,537	- 34%	2,385	1,745	- 27%
Birth Rates of Nonwhite Women						
10-14	N/A	N/A		5.2	4.3	- 17%
15-19	112.3	68.9	- 38%	142.8	99.7	- 30%
20-24	175.4	125.6	- 28%	202.7	146.3	- 28%
25-29	127.8	113.0	- 12%	136.3	109.1	- 20%
30-34	78.1	77.3	- 1%	79.6	62.9	- 21%
35-39	37.5	34.4	- 8%	41.9	24.5	- 42%
40-44	10.0	7.4	- 26%	12.5	5.8	- 54%
45-49	N/A	N/A		1.0	0.3	- 70%
Total Fertility[1]	2,706	2,133	- 21%	3,099	2,264	- 27%

Sources: NYC: New York City, Department of Health, Vital Statistics, 1985.
USA: National Center for Health Statistics, National Birth Rates, 1984.

Notes: Birth rates by age group measure the number of births to women in each five year age group per 1,000 women in the age group for that year.

1. Total fertility rate is the sum of birth rates for each five year group multiplied by five. It therefore estimates the number of children that will be born per 1,000 women, during their childbearing years, if they experience the average birth rates of the current year. For example, given 1980 birth rates, the average American woman can expect to have 1.8 children, while she would have had 2.5 at 1970 birth rates.

New York City was for white women in their twenties, reflecting the postponement of childbearing among career minded young women.

At the same time illegitimacy in New York City and in the United States has been rising as shown in Table 7. While live births in New York City fluctuated between 1977 and 1983, illegitimate births rose steadily from 25,000 to 30,000; thus illegitimate rates rose from 34 percent to 38 percent of live births. However, in New York City at least, the greatest absolute and relative increase in illegitimate births was to mothers over the age of 20. Nevertheless, the substantially higher rates of illegitimacy for black and hispanic teenagers remains a continuing cause for concern, for it is among this group that the cycle of poverty and family instability begins. By 1980, almost 90 percent of births to black teenagers were out of wedlock and three quarters to hispanic teenagers; in 1983, these proportions were still increasing. At the same time abortion rates continued to rise in the late 1970s and early 1980s among teenagers in New York City (see Table 8). New York City total abortion rates were almost three times higher than in the United States as a whole, and about twice as high for teenagers. Nationally nonwhite abortion rates were twice white rates; however they have declined somewhat since 1977, while white rates continued to increase. Significantly, national abortion rates for the unmarried declined after a peak in 1979, possibly due to the withdrawal of Medicaid funds in many states, not including New York.

Despite the evidence of significant shifts in family arrangements, most analysts do not necessarily conclude that they portend the demise of the traditional American family. In an important paper for the Commission on Population and the American Future in the early 1970s, Kingsley Davis

Table 7

Illegitimacy in New York City and United States:
Selected Years to 1983

	1976	1977	1980	1983
I. NEW YORK CITY				
a) All Races[1]				
1. Total Live Births	105,491	106,154	102,865	108,622
Total Illegitimate Births	N/A	35,875	36,996	41,485
% Out of Wedlock	N/A	33.8%	36.0%	38.2%
2. Births to Mothers 10-14	358	333	307	288
% Out of Wedlock	N/A	96.1%	96.4%	97.6%
3. Births to Mothers 15-19	14,684	14,915	13,801	13,591
% Out of Wedlock	N/A	72.6%	76.2%	79.4%
4. Births to Mothers 20+	90,449	90,906	88,757	94,743
% Out of Wedlock	N/A	27.2%	29.5%	32.1%
b) Percent of Live Births to Unmarried Teenage Mothers, by Race[2]				
1. Whites, 10-19	49%	N/A	60%	51%
2. Blacks, 10-19	87%	N/A	89%	94%
3. Hispanics, 10-19	65%	N/A	73%	74%

II. UNITED STATES: Percent of live births to unmarried women[3]				1981
1. All mothers	14.8%	15.5%	18.4%	18.9%
2. White mothers	7.7	8.2	11.0	11.6
3. Black mothers	50.3	51.7	55.2	56.0

Sources:
1. New York City, Human Resources Administration, Dependency, April 1985, Table 8, p. 19.
2. Center for Public Advocacy Research, Services for Sexually Active Pregnant and Parenting Adolescents in New York City: Planning for the Future, Vol. 1, Table 12, p. 24. See also draft staff report on family household composition to New York City Commission on the Year 2000.
3. U.S. Bureau of the Census, Statistical Abstract of the United States, 1985, Table 94, p. 64.

Table 8

Abortion Rates in New York City and the United States:
Selected years 1975 to 1983
(Abortion Rate = Abortions per 100 live births)

	1975	1977	1980	1981	1983
I. New York City: Abortions and Abortion Rate[1]					
1. Abortions to Mothers 10-19					
Numbers	17,269	18,015	19,015	19,035	18,649
Abortion rate	111.8%	118.1%	134.7%	135.9%	134.4%
2. Abortions to Mothers 20+					
Numbers	64,965	69,781	73,609	74,971	75,436
Abortion rate	72.6%	76.8%	82.9%	82.8%	79.6%
3. Total Abortions	82,234	87,796	92,624	94,006	94,085
Abortion rate	78.4%	82.7%	90.0%	89.9%	86.6%
II. United States: Abortion Rate[2]					
1. Total	27.2%	32.4%	35.9%	35.8%	N/A
2. Teenage mothers					
Under 15	101.1	112.1	122.7	126.4	N/A
15-19	46.4	57.2	66.4	66.8	N/A
3. Other mothers					
20-24	25.0	32.5	37.5	37.9	N/A
25-29	16.6	19.9	23.0	23.2	N/A
30-34	22.1	22.8	23.3	23.7	N/A
35-39	37.5	42.4	40.3	40.3	N/A
40+	59.9	74.2	78.3	77.6	N/A
4. By Race					
White	22.7	26.6	31.3	31.2	N/A
Nonwhite	46.5	57.1	54.7	54.4	N/A
5. By Marital Status					
Married	8.3	9.3	10.2	9.8	N/A
Unmarried	141.1	153.5	149.9	147.5	N/A

Sources: 1. Calculated from New York City, Human Resources Administration, Dependency: An Economic and Social Data Report for New York City, No. 1, April 1985, Table 8, p. 19.
2. National Center for Health Statistics, Health, United States, 1984, DHHS Publication #(PHS)85-1232, U.S. Government Printing Office, December 1984.

concluded that Americans still "strongly favor marriage and a family life;" he pointed to the rate of remarriage following divorce as evidence that Americans are not "losing interest in marriage," but rather searching "for a compatible marriage and a satisfactory family." He interpreted the rise in illegitimacy as evidence of "the loss of orderly guidelines and reciprocal obligations in the preliminaries to marriage," rather than rejection of marriage ties. In her 1981 update of trends in new life-styles, Evelyn Kitagawa supports this interpretation.[11] She also argues that the focus on the growth of female household heads exaggerates changes in family structure; thus, while the proportion of female headed households has doubled, the proportion of two parent households only declined 12 percent between 1960 and 1979. More recently, Victor Fuchs has attributed the increase in family instability in America to increases in employment opportunities for women, particularly in the service industries, and to an increase in birth control; in other words, women are choosing and can afford to live separate lives and are less dependent on unsatisfactory marriages.[12]

Nevertheless, the continuing higher rates of family instability among urban minorities, so marked in New York City, remain a major concern for policy makers and increasingly for leaders in the black community. In a recent article for the New York Times, Eleanor Holmes Norton analyzed the crisis in black family disruption, stressing the importance of finding strategies to restore traditional family ties for the future of black

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11. See ibid., pp. 12-13, for discussion of the Davis' paper and her conclusions.

12. Victor Fuchs, How We Live, Harvard University Press, 1983, pp. 56-59.

children. She believes that "the self-perpetuating culture of the ghetto" lies at the heart of the crisis, and points to the gradual loss of economic function of working-class black men since World War II and their "permanent generational joblessness" as the key to their inability to maintain their family roles.[13] This view is supported by continuing research on the causes of the growth of female headed households in this country. Bane and Ellwood, for instance, have found important differences between blacks and whites in the factors contributing to the increases; they attribute the growth of single white mothers in large part to the increase in divorce and separation, but the growth of single black mothers is "driven by a dramatic decrease in marriage and increased fertility among the never-married."[14] But they find no evidence to support the idea that welfare programs have been "the underlying cause of the dramatic changes in family structure of the past few decades." In pursuing similar research, Wilson and Neckerman have estimated indexes of the ratio of employed civilian men to women for various race and age groups, which showed that, unlike white women, "black women, especially young black women, are facing a shrinking pool of 'marriageable' (that is, economically stable) men."[15]

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13. Eleanor Holmes Norton, "Restoring the Traditional Black Family," New York Times Magazine, June 2, 1985.

14. M. J. Bane and D. T. Ellwood, "The Dynamics of Children's Living Arrangements," working paper supported by U.S. Department of Health and Human Services grant, Contract No. HHS-100-82-0038, 1984, p. 3.

15. William Julius Wilson and Kathryn M. Neckerman, "Poverty and Family Structure: The Widening Gap Between Evidence and Public Policy Issues," forthcoming, in Sheldon Danziger and Daniel Weinberg (eds.), The War on Poverty: Taking Stock of What Worked and What Did Not, Cambridge, Harvard University Press.

However, this line of reasoning runs counter to the prevalent view in Reagan's Washington that it is government assistance programs which have provided the incentives for young black women to give birth and not to marry. Many argue with Victor Fuchs that "the growth of AFDC programs, poverty health programs, subsidized housing, food stamps, day care centers, and other subsidies" are an important part of why unwed mothers are now more able to raise their children without a husband, although Fuchs himself interprets both the white increase in divorce and the black increase in unwed motherhood as reflecting the same increased desire to raise children alone and greater ability to do so.[16] He quotes a RAND study of 300 pregnant teenagers in California in the early 1970s, which concluded that those eligible for AFDC were more likely to give birth and to remain unmarried. The researchers also found that those enrolled in school were far more likely to seek abortions, and that the higher their grade point average, the greater this likelihood.

Although more research would be necessary to ascertain whether and why New York City differed from national patterns, some conclusions about trends for New York City to the year 2000 are in order. First, the projected increases in black and hispanic families in New York City will lead to an increased number and proportion of female headed households in the City, even if these proportions within ethnic groups do not continue to climb. Second, the continuing higher fertility rates of ethnic minorities compared to white will mean that an even higher proportion of the City's children are likely to grow up in families without a father present. Third, the effects of fertility

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16. Fuchs, op. cit., p. 58.

changes will be lagged; thus, on average births are likely to continue to decline as the "baby-boomers" age beyond their childbearing years, the rapid decline in fertility between the mid-1960s and the mid-1970s will reduce the numbers of women in their childbearing years for the next ten years, but the stabilization of rates since then may lead to an increase in births towards the end of the century. Fourth, migration patterns could negate these predictions, particularly if whites do not continue to move out of the City and nonwhites to move in in such large numbers; indeed, if whites began to move back and minorities to move out, fertility would fall, and the proportion of households without children would rise. Finally, declining birth rates among nonwhite teenagers, slower increases in illegitimacy and the maintenance of high abortion rates are possible indications that the growth of female headed households among minorities in New York City may be slowing down.

II. Trends in AFDC in New York City

Trends in AFDC caseloads are determined by the relationships between four components: 1) the numbers of eligible families; 2) the numbers of those seeking assistance, or applications to the program; 3) the proportion of applicants admitted to the rolls; and 4) the number of case closings. To be eligible for AFDC, a family must include dependent children (or a woman must have her pregnancy confirmed), it must be without an able-bodied father (or without an employed father in some states, including New York), and its resources must fall below the benefit allowed for its size in that state. In short, eligibility is set by Federal and State policy decisions. The family choice to seek income assistance from the government in contrast is reflected in the number of applications. The proportion accepted, and therefore the

number of cases opened, will clearly be influenced by eligibility standards and by who applies; but it may also be affected by the willingness of local areas, and even individual welfare centers and caseworkers, to implement the policies set by higher levels of government. Similarly, closings will also be influenced by eligibility standards and general policy, but may reflect as well local decisions about implementation.

However, trends in caseloads may disguise important shifts in turnover, and thus the length of time which families spend on the AFDC program. Recent studies of the dynamics of dependency have concluded that there is enormous variation in the time spent on AFDC by individual families. Using panel data which followed 6,000 households from 1968 to 1979, Bane and Ellwood estimated that almost half the women who are admitted to AFDC leave within two years; however, of those who remain into a third year, 60 percent will stay on for at least six years, and 35 percent will stay on for eight years or more. They also found that almost three quarters of cases opened because of a change in family status, only 12 percent because income from earnings fell. Furthermore, the majority of women who leave AFDC leave because they reconcile or remarry or their children grow up. Although a third of the closings occur because the female head has increased her earnings, many later return. Finally, there are "dramatic" differences in the length of spells on AFDC among different groups: "Women who become a female head by having a child, nonwhites, high school dropouts, mothers with many children, and those without previous earnings all have longer spells on AFDC."[17] The researchers

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17. M. J. Bane and D. T. Ellwood, "The Dynamics of Dependence: The Routes to Self-Sufficiency," working paper, supported by U.S. Department of Health and Human Services grant, Contract No. HHS-100-82-0038, June 1983, p. iii.

calculate that a white woman high school graduate who has separated from her husband stays on AFDC for an average of about four years, while a nonwhite high school dropout who is unmarried will average about ten years. Bane and Ellwood conclude that government is most likely to be able to influence the exit to work, but that policies which reduce new pregnancies (especially the first, but also the second) would have the largest payoffs.

Despite the increase in the number of poor female headed households, in New York City, there has been relatively little change in AFDC caseloads in the past ten years, following the enormous increase in the late sixties and early seventies. Indeed, caseloads slightly fell from a peak of 251,770 in 1976 to a low of 236,582 in 1982 as the main effects of the Reagan cuts were felt, although Table 9 shows that they had been falling before. Caseloads rose again in 1982/83 to 240,000, as unemployment rose in New York City. Applications for AFDC, a more direct measure of the number of families seeking assistance, also peaked in 1977 and in 1981, but at a lower level--130,000 compared to 130,000. Interestingly the acceptance level (openings as a percentage of applications) held steady at around 70 percent until 1978, and then rose to 80 percent for the next five years. This suggests both that more applicants were eligible for AFDC, and that the City was more willing to accept poor families onto the program. Openings have increased substantially during the period, as more cases were accepted, but closings also rose, particularly in the early years. The increases in the opening rate and the closing rate imply that turnover has increased, and thus, all things being equal, that the average stay on AFDC in New York City must have declined. However, new case openings declined from 1975 to 1978, and have not risen much above their earlier level since. This may reflect the declining numbers of

Table 9

Trends in Aid to Families with Dependent Children in New York City
1975 to 1983

	1975	1976	1977	1978	1979	1980	1981	1982	1983
I. Caseloads									
1. Cases (in thousands)	248	252	249	240	237	240	242	237	241
2. Persons (in thousands)	840	825	799	755	734	734	733	710	721
3. Children per case	2.4	2.3	2.2	2.2	2.1	2.1	2.1	2.0	2.0
II. Flows (in thousands per annum)									
1. Applications	93	104	138	118	118	124	130	125	123
2. Openings	69	78	94	87	100	105	107	102	104
3. New Case Openings	33	31	25	25	33	34	36	35	37
4. Closings	57	79	104	93	98	99	104	101	96
III. Rates of Flow (ratio x 100 as indicated)									
1. Acceptance rate (Openings/ Applications)	73%	75%	69%	74%	83%	83%	82%	81%	84%
2. Opening rate (Openings/ Cases)	28	31	38	36	42	44	44	43	43
3. Closing rate (Closings/ Cases)	23	31	42	39	41	41	43	43	40
4. New case rate (New cases/ Cases)	13	12	10	10	14	14	15	15	15
5. New case opening rate (New cases/ Openings)	48	40	27	29	33	32	34	34	36

Source: Calculations made from data to be found in: New York City, Human Resources Administration, Office of Policy and Economic Research, Dependency: An Economic and Social Data Report for New York City, No. 1, April 1985, Tables 13, 14 and 15, pp. 25-27.

teenagers, as the full impact of earlier fertility declines are felt. Furthermore, despite increases in the illegitimacy rate among New York teenagers, the number of illegitimate births to teenage mothers has declined slightly since it peaked in 1977.

The most striking development in the AFDC caseload is the substantial decline in the number of children per case. From a high of 2.4 in 1975, the number of children was slightly less than 2 per case by the end of 1983, so that there are now fewer children on AFDC in New York City than in 1975. Although the removal of children aged 18-21 from Federal eligibility in the 1982 cuts may have had some effect on these numbers, the major decline had already taken place by 1980. (New York State continued to fund these children, so that they now appear on the Home Relief (HR) caseload.) Clearly the decline in birth rates has had a major impact on the size of AFDC families. According to a 1981 HRA study, almost 40 percent of all cases had one child in 1979, and 60 percent of those under 20 and of those 20 to 25 had one child.[18] Forty-five percent of white AFDC mothers, 40 percent of black mothers, and 35 percent of hispanic mothers had only one child. Between 1969 and 1979 the proportion of black AFDC mothers fell significantly from 47.6 percent to 39.9 percent. The proportion of Puerto Rican families has remained roughly the same, so that it is, perhaps surprisingly, the proportion of white mothers that has increased from 8.6 percent in 1969 to 13.4 percent in 1979.

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18. Loraine Dixon and Miles Storfer, "Trends in the Characteristics of AFDC Families in New York City: 1969-1979," New York City, Human Resources Administration, November 1981, Table 16, p. 25.

For those concerned with the standard of living of poor families in New York City, the most ominous development has been the substantial decline in the real value of welfare allowances, as New York State benefit levels have failed to keep pace with inflation. From 1974 to 1981 the maximum standard of need for a family of three remained at $4,728, while the poverty level for the same size family rose from $4,293 to $6,565.[19] Since then the allowance for home energy increased 15 percent and maximum shelter allowances were raised in 1984 to increase the State's standard of need to $5,688, which was still only two thirds of the United States poverty level uncorrected for New York's higher cost of living. In short, although official poverty rose from 15.5 percent of New York City families in 1976 to a peak of 21.6 percent in 1982 and the number of female headed families also rose, AFDC caseloads have remained constant and the numbers on the program have fallen, largely due to the reduction in the real value of the benefit allowance in New York State.[20]

These calculations do not include the value of food stamps, Medicaid and other services received by AFDC families. A national study estimated that in 1979, when official poverty stood at 11.7 percent, in-kind benefits reduced

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19. New York City, Human Resources Administration, Dependency, op. cit., Table B-3, p. 81.

20. For further details on poverty trends in New York City and comparisons with USA, see New York City, Human Resources Administration, Dependency, op. cit., Tables 1, 2, 3, 4, 5, 6, 7, pp. 2-18. For further discussion see Emanuel Tobier with Walter Stafford, "People and Income," Chapter 2 in Charles Brecher and Raymond D. Horton (eds.), Setting Municipal Priorites, 1986, N.Y., New York University Press, 1985.

the estimated incidence of poor families to 6.8 percent.[21] In New York City it has been estimated that the Food Stamp program added about $2,100 to the annual purchasing power of a family of four on public assistance in early 1985.[22] Thus, the real incomes of welfare families have not declined as much as the official poverty statistics suggest. The main effect of the reduction in the real value of the New York State welfare allowance has been to keep down the numbers of families eligible for public assistance and Medicaid.

Numerous efforts have been made to increase the self sufficiency of AFDC families through employment. In an attempt to reduce the 100 percent tax on work implicit in the reduction of welfare benefits by the amount of any earnings, the WIN program started in the late 1960s disregarded the first $30 and 30 percent of all further earnings until the benefit was paid off. Reverting to the earlier policy, the recent "workfare" programs, which have replaced WIN, seek to provide jobs for employable AFDC mothers to "work off" their benefits without the incentive of the "disregards," or even any allowances for work expenses. However, the truth of the matter is that a small percentage of AFDC mothers do actually work, or at least report that they do. In New York, the proportion is particularly low. In 1971 4 percent worked full time and 2 percent worked part time; in 1979 4.3 percent worked full time, but only 1.8 percent worked part time. The proportion seeking work

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21. U.S. Department of Commerce, Bureau of the Census, Estimates of Poverty Including the Value of Non-Cash Benefits: 1979 to 1982, Technical Paper 51, Washington, D.C.: U.S. Government Printing Office, 1984, p. xvii.

22. Estimate made by Anne Perzeszty, Community Council of New York, and quoted by Tobier, in Setting Municipal Priorities, 1986, op. cit., p. 68.

rose from 2.5 percent to ten percent in the same period, but this was undoubtedly due to new requirements to report for work, if the mother had no children under six. The major proportion were still identified as full time homemaker, although this had declined from 61 percent to 54 percent. Sadly the proportion in school or training had declined from 5.8 percent to 2.4 percent.[23]

Given the high rates of unemployment for young, unskilled ethnic minorities in New York City, finding jobs for AFDC mothers is scarcely a very realistic alternative. In any case, studies have shown that even where mothers did succeed in earning enough to leave welfare, they still remained poor by official standards, and many returned to AFDC eventually. Furthermore, employment "solutions" rest upon the dubious assumption that full time homemakers are not "productive", an attitude reinforced by failure to include unpaid domestic work as part of gross national product. Indeed, given the high cost of day care and other support services, which have been found successful in helping AFDC mothers to earn more in supported work demonstration projects, such efforts are unlikely to be cost-effective in the short run. However, they may well be worth it in the long run, if they reduce the likelihood of the birth of a second child and increase the likelihood of graduation from high school. Ironically, it is precisely these young women with children under the age of six, who are classified as "unemployable" in New York State, and are therefore not required to work or to look for work under existing regulations.

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23. Dixon and Storfer, Trends in Characteristics of AFDC Families, op. cit., Table 12, p. 20.

Tragically, it is also the working mothers who have been most affected by the cuts in public assistance introduced by the Reagan administration. Many have been made ineligible for Federal support, others have had their income from food stamps cut, all have been affected by the cuts in services. Both New York State and City officials lobbied strenuously against the cuts, and the effect on New York's poor has been cushioned by the State's willingness to fund some of the programs and benefits. The City also has the option to continue funding programs, which the State does not choose to replace. However, if neither the State nor the City has replaced Federal funding in total or in part, New Yorkers have been forced to accept Washington's cuts.

The following is a brief survey of the more important cuts in family assistance and service programs to affect New Yorkers, and the responses of the State and City governments.[24]

1) The State and the City accepted the cuts in the earnings disregards for working AFDC mothers, which meant that 5,700 AFDC cases in New York City were no longer eligible for assistance and reduced the income of the others.

2) The State replaced the cuts in eligibility to children 18-21, to pregnant women before the third trimester and to some others by shifting them to the Home Relief program (of 22,000 AFDC cases who lost eligibility in New York City, 7,000 were transferred to HR). Since the City shares financing of HR with the State, the City perforce helped in these costs of replacement.

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24. Further details can be found in: Blanche Bernstein, "Welfare Dependency," chapter in D. Lee Bawden (ed.), The Social Contract Revisited, The Urban Institute Press, 1984; Fred C. Doolittle, "Federal Aid," chapter in Brecher and Horton, Setting Municipal Priorities, 1986, op. cit.; John L. Palmer and Isabel V. Sawhill (eds.), The Reagan Record, Ballinger Publishing Company, 1984. See also Richard P. Nathan and Fred C. Doolittle, The Consequences of Cuts: The Effects of the Reagan Domestic Programs on State and Local Governments, Princeton Urban and Regional Center, 1983; we have obtained the unpublished data collected for New York State summarized by Doolittle for his Setting Municipal Priorities chapter (see above).

3) The State accepted the new requirement that stepparents contribute to the support of dependent stepchildren.

4) The State and the City accepted the cuts in eligibility for Food Stamps, although the losses in income were partially replaced by the 1981 increase in the State benefit allowances and the 1984 increase in maximum shelter allowances for those families still on AFDC and HR.

5) The State replaced some of the cuts in Medicaid, and provided the City with $244 million in fiscal 1983 to offset the expense. Since then the State has authorized a series of phased increases in the State's share of the financing for nursing home and home care services, which would have a major impact on the City's finances. However, both governments accepted the loss of eligibility for Medicaid for many of those who lost their eligibility for AFDC and for Food Stamps.

6) The State accepted the elimination of the Public Service Employment job slots component of the Comprehensive Employment and Training (CETA) program, already substantially cut under the Carter administration. However, the City continued to employ some of its CETA workers for a limited period.

7) The State has recently adopted a "workfare" program, which requires employable AFDC mothers to work off their benefits in private sector or government jobs. New York City has a small "workfare" demonstration project, but otherwise these new requirements will only apply to new AFDC mothers. The State has not ratified the new Federal requirement that mothers with children over the age of 3 be considered employable; the State has continued to apply this rule to mothers with children over the age of 6.

8) The City replaced all the Federal cuts in its social services block grant necessary to maintain services at 50 day care centers and 29 senior citizens centers in New York City.

The complexities of the intergovernmental financing of these programs makes it difficult to predict the fiscal implications of these cuts, or any further cuts for the City. Yet obviously these fiscal effects will make a great difference to the City's ability to develop its own approach to the problems of New York City's poor families.

Tables 10 and 11 contain detailed information on the City's expenditures on social services in general, on specific cash assistance programs and the sources of government funding since 1975. Table 11 shows that the total

Table 10

Trends in New York City Budget Expenditures on Social Services
1978 to 1986

	1978	1979	1980	1981	1982	1983	1984	1985	1986
I. Annual Budgeted Expenditures (in $ millions)									
a) New York City Budget									
Total Expenditures	13,867	13,461	12,800	13,583	14,690	15,541	16,736	18,252	20,018
City funds	8,624	8,841	8,677	9,091	10,001	10,784	10,532	11,685	12,812
b) Department of Social Services Budget									
Total Expenditures	3,047	3,207	2,637	2,878	3,098	3,414	3,745	4,121	4,518
City funds	885	1,040	1,029	1,060	1,258	1,396	1,582	1,610	1,842
II. Department of Social Services as a Percentage of New York City Budget (%)									
a) As % Total Expenditure Budget	22.0	23.8	20.6	21.2	21.1	22.0	22.4	22.6	22.6
b) As % City Funds	10.3	11.8	11.9	11.7	12.6	13.0	15.0	13.8	14.4
III. City Funds as a Percentage of Department of Social Services Budget (%)									
DSS City Funds as % of DSS Budget	29.0	32.4	39.0	36.8	40.6	40.9	42.2	39.1	40.8

Source: New York City, Office of Management and Budget, "Message of the Mayor," Executive Budget, Fiscal Years 1978 to 1986.

Table 11

Expenditures on Income Maintenance, Medicaid and Food Stamps by Funding Source, in New York City, in Selected Years 1975 to 1983

	1975	1978	1980	1981	1982	1983
I. EXPENDITURES ON CASH ASSISTANCE[1]						
A. In millions of dollars						
1. Income Maintenance	$1,219	1,454	$1,397	$1,471	$1,507	$1,529
AFDC	1,011	1,196	1,146	1,212	1,215	1,175
Home Relief	194	246	240	246	280	340
2. Medical Assistance	1,967	1,843	2,458	2,938	3,312	3,758
3. Food Stamps	405	569	518	601	536	586
4. TOTAL	$3,591	$3,866	$4,373	$5,010	$5,355	$5,873
B. As Percentage of Total Cash Assistance						
1. Income Maintenance	34%	36%	32%	29%	28%	26%
2. Medical Assistance	55	48	56	59	62	64
3. Food Stamps	11	15	12	12	10	10
II. GOVERNMENT SHARES IN FUNDING CASH ASSISTANCE						
1. Income Maintenance (As Percentage of Expenditures on Income Maintenance)						
Federal	39%	41%	41%	42%	42%	40%
State	30	29	29	30	31	32
City	30	30	29	28	27	28
2. Medical Assistance (As Percentage of Expenditures on Medical Assistance)						
Federal	45%	46%	45%	45%	45%	45%
State	27.5	27	28	28	28	28
City	27.5	27	27	27	27	27
3. Food Stamps (As Percentage of Expenditures on Food Stamps)						
Federal	100%	100%	100%	100%	100%	100%
4. Total (As Percentage of Total Expenditures on Cash Assistance)						
Federal	49%	52%	50%	51%	50%	49%
State	25	24	25	25	26	27
City	25	24	25	24	24	25
III. CITY EXPENDITURES ON CASH ASSISTANCE						
A. Total City Expenditures	$911	$935	$1,082	$1,205	$1,296	$1,44[illegible]
B. As Percent Total City Funds[2]	N/A	10.8%	12.5%	12.2%	11.3%	13.[illegible]%

Sources:
1. Calculated from statistics available in New York State Department of Social Services, Annual Report: Statistical Supplement, 1983, Tables 9, 25 and 42, pp. 9, 38 and 57.
2. Total City funds from New York City Office of Management and Budget, "Message of the Mayor," see source and further information on Table 10.

expenditure budget for the Department of Social Services peaked in 1979 at over three billion dollars, declined by half a billion in 1980 and has risen to over three and one-half billion since. The Office of Management and Budget has estimated that this budget will continue to rise; however, its share in total City expenditures is not expected to change greatly. Yet, the percentage of City funds spent on the Department of Social Services increased fairly steadily from 10 percent in 1978 to 15 percent in 1984.

Table 11 provides some further details on the three cash assistance programs, AFDC, Medicaid and Food Stamps. Together with Supplementary Security Income (SSI) for the aged, blind and disabled, these programs constituted 84 percent of total assistance and social service expenditures in New York City in 1983, while administrative costs added another 7.5 percent (see Table 1). Although expenditures on income maintenance have risen somewhat since 1975, expenditures on AFDC have hardly changed at all, and the main increase is in Home Relief. Since AFDC caseloads were virtually unchanged and the number of people on the program actually fell, the Reagan cuts and the State and City's response appear to have had offsetting effects on expenditures. Thus, while State replacement through transfers to Home Relief and through higher benefits increased local expenditures, the reductions in eligibility reduced expenditures for all levels of government. Although Federal expenditures on income maintenance and food stamps did fall, these were more than offset by the continued increases in Medicaid. Total expenditures on Medicaid doubled between 1978 and 1983, with the result that the program increased from 48 percent of total cash assistance dollars in 1978 to 64 percent in 1983.

The Federal government continues to pay half the cash assistance bill in New York City, while the State and City pay a quarter each. Cuts in AFDC and in Food Stamps, for which the Federal government is entirely responsible, offset the increased Medicaid expenditures, to which it contributes only 45 percent. The Federal share in the total bill has decreased very slightly since 1981, and the State's share increased correspondingly to replace it; the City's own share has not changed appreciably. In short, although dollar expenditures are sensitive to changes in eligibility and benefit levels, the shares by the different levels of government have remained remarkably constant. This means that the fiscal options available to the City for a more flexible approach to social service programming are severely limited by the sheer size of the mandated case assistance programs, over which the City has least policy discretion. The only hope for short-run fiscal relief is New York State's commitment to continue to increase its share of Medicaid funding.

III. Different Scenarios For Family and Welfare Policy in New York City

There are those who believe that city government has few, if any, policy options for dealing with the problem of poverty in New York City. As we have seen, the main programs which deliver cash assistance are mandated by federal and state legislation, and the benefit levels are decided in Washington and Albany. Furthermore, the national level of economic activity, which largely determines the employment prospects for city residents, is the result of national policies, which the City can do little to affect. Thus, for example, it is argued by Green and Sanger that: "City officials have little direct authority over the policies shaping these programs, their political obligations to impoverished constituents and the financial states of local

taxpayers should encourage municipal leaders to advocate changes in national and state welfare policies."[25]

A rather different view of City options has been offered by former New York City Commissioner of Human Resources, Blanche Bernstein. In a recent study, she insisted that the City could and should tighten up on abuse and fraud: "The loose administration of welfare for more than a decade clearly encouraged unnecessary dependence, at least in the short run."[26] She also argued that City welfare administrators should be more aggressive in requiring AFDC mothers to work, since so many of their middle class counterparts do. Indeed, she supported the 1981 Federal limitations on earnings disregards, because the disregards had not succeeded as an incentive to work and had raised the incomes of some AFDC families above the welfare standard others were expected to live on. She supported the "workfare" program in principle, but she also insisted that all poor working families were entitled to income supplementation up to the welfare standard, and should receive allowances for work expenses. She strongly opposed the cuts in social service programs, particularly family planning, day care, employment and training, which are the only hope for reductions in long term dependency. In short, Bernstein would argue that New York City can and should play an active role in implementing eligibility standards and work requirements to reduce short term dependency; and that it can also help to reduce long term dependency through education, employment and training and services "to reverse the trend toward family instability."

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25. Cynthia Green and Mary Bryne Sanger, "Aiding the Poor," in Chapter 16, Charles Brecher and Raymond D. Horton (eds.), Setting Municipal Priorities: American Cities and the New York Experience, New York University Press, 1984, p. 519.

26. Blanche Bernstein, "Welfare Dependency," op. cit.

The City can affect the number of cases on public assistance programs by its decisions to accept and to close cases, and it can provide specific services to assist clients in a variety of ways. For example, in the mid-1960s the New York City Department of Welfare aggressively sought to get eligible families on to public assistance, and the acceptance rates on AFDC rose from 50 percent to 75 percent.[27] More recently, Blanche Bernstein has pointed to efforts to crack down on the City's error rates by closing cases which did not respond to mailed questionnaires about their continuing eligibility. Thus, changes in local administration practice, whether explicit or implicit and for whatever reasons, can definitely influence trends in AFDC caseloads, even if the major parameters of eligibility are determined at higher levels of government. Since the City has not taken a purely passive role in the past, it clearly does not have to in the future. The problems still remain: what programs do help the poor?; do long term policies of prevention conflict with short term policies to alleviate low income?; what can the City afford given its fiscal problems? Brecher and Horton, for instance, have argued that it is the poor who have suffered most from the cutbacks in City services, which were necessary to rescue the City from bankruptcy.[28]

Whatever view one holds about how much flexibility the City has to influence the incomes and behavior of its poor citizens or about what policy

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27. See Elizabeth Durbin, Welfare, Income and Employment, N.Y. Praeger Special Studies, 1969, and "The Vicious Cycle of Welfare: Problems of the Female-Headed Household in New York City," chapter in Cynthia Lloyd, Sex, Discrimination, and the Division of Labor, Columbia University Press, 1975.

28. Charles Brecher and Raymond D. Horton, "Expenditures," chapter in Brecher and Horton (eds.), Setting Municipal Priorities, 1984, op. cit.

directions it should take, it is clear that what happens in Washington and Albany is of prime importance. Therefore, in the first section, we outline different scenarios of the direction which federal policy may take; in the second we explore the possible reactions by the State to national trends; and in the conclusion we consider the implications for City policy options.

A) The Debate About Federal Policy to the Poor

There are many dimensions to the debate about national policy towards the poor. From the social legislation of the New Deal and the postwar commitment to full employment until the election of President Reagan in 1980, this country had witnessed an enormous growth in social expenditures for the poor and an increasing assumption of the responsibility by the Federal government for reaching redistributional goals and for maintaining noninflationary growth. Yet, even before Reagan was elected, many were beginning to doubt the capacity of the Federal government to achieve all these aims. Thus, although poverty had declined drastically since the 1960s and been all but eliminated for the elderly, the failure to control inflation, to maintain growth and to win the war against poverty in the urban ghettos of this country had already precipitated taxpayers' revolts against further welfare expenditures. The fiscal crises of many government agencies besides New York City had also curbed local expenditures on many social services for the poor, and the increasing numbers of poor female headed households raised doubts about the effectiveness of government programs for the poor.

Part of the problem lies in the conflicting nature of many of the government's aims, as well as the growing political divisions over appropriate policy directions. In a recent study, the Congressional Budget Office listed four identifiable objectives:

1. To expand the resources of poor families with children through direct Federal action.

2. To increase economic independence by enhancing skills and expanding the number of jobs available to them.

3. To alleviate some of the adverse consequences of poverty by providing a variety of services.

4. To reduce the number of families that might be poor in the future.[29]

Yet, increasing the welfare income of poor families means that AFDC mothers have to earn even more in the labor market to achieve economic independence; by the same token, it may well fail to reduce the number of poor families in the future by reducing their assets in the short run, by discouraging work alternatives and by locking many into a long run cycle of total or partial government support. Furthermore, while nobody questions that jobs are essential to secure economic independence, it is not at all clear the extent to which general growth "trickles down" to the poor and the unskilled in an increasingly technological world economy, nor how to sustain aggregate economic growth in the first place. Thus, there are some fundamental problems to be faced in meeting these objectives, whatever one's political persuasion. The emergence of an articulate conservative view of the appropriate role of the Federal government and its attempted implementation in the past five years have succeeded in reversing the trends towards the increasing federalization of poverty programs. It is these contrasting views of the appropriate role of the Federal government that provide the different policy scenarios, which the City confronts in trying to fashion its own approach to helping poor families in New York City.

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29. Congressional Budget Office, Reducing Poverty Among Children, May 1985.

Since we have already summarized the main effects of the Reagan cuts on the City's delivery of social services, in this section we try to provide a brief view of the arguments behind these different policy scenarios.

1. The Conservative Scenario

The Conservative scenario assumes a continuation of efforts to reduce social welfare expenditures along the lines pursued by the Reagan administration since 1981. Originating in traditional conservative attitudes to waste and abuse by government and to indolence and cheating by welfare recipients, the rationale for these policies gained intellectual vitality with the studies and writing of various right wing commentators, which culminated in the publication of George Gilder's Wealth and Poverty in 1981. The bible of "supply-side" economics, this book asserts a new, if mystical, moral faith in the virtues of capitalism: "Capitalism begins with giving." Gilder believes that "the only way in which tax policy can reliably influence real income is by changing the incentives of suppliers."

Gilder analyzes what he calls "the moral hazards of liberation", that is the attempt to insure against the risks of the free enterprise system; thus, various government policies "accumulate into a collective danger of national sclerosis, an economy that is closed to the necessarily risk-fraught and unknown future." In particular, he argues that since 1964 the vast expansion of the welfare rolls "halted in its tracks an ongoing improvement in the lives of the poor, particularly blacks, and left behind--and here I choose my words as carefully as I can--a wreckage of broken lives and families worse than the aftermath of slavery ... Above all, by making optional the male provider role, welfare weakens and estranges the prime

mover in upward mobility." As he sees it the battle between liberal and conservative welfare reformers is "largely fake":

> Neither side is willing to tolerate fraud, both sides advocate largely fraudulent work requirements, and neither side understands the need to permit a gradual lowering of the real worth of benefits--by allowing inflation to diminish their money value and by substituting relatively unpalatable in-kind supports ... A sensible program would be relatively easy on applicants in emergencies but hard on clients who overstay their welcome.

More recently, Charles Murray has taken up Gilder's social policy themes in his controversial book, Losing Ground, in which he provides a detailed analysis of program developments between 1950 and 1980. His central thesis is that the social programs of the 1960s have made the poor worse off, that welfare recipients have become "addicted" to the government dole; he concludes that: "social programs in a democratic society tend to produce net harm in dealing with the most difficult problems. They will inherently tend to have enough of an inducement to bad behavior and not enough of a solution to stimulate good behavior; and the more difficult the problem, the more likely it is that this relationship will prevail." His proposal for public welfare: "consists of scrapping the entire federal welfare and income-support structure of working-aged persons, including AFDC, Medicaid, Food Stamps, Unemployment Insurance, Worker's Compensation, subsidized housing, disability insurance, and the rest. It would leave the working-aged person with no recourse whatsoever except the job market, family members, friends, and public or private locally funded services."

Given these admittedly extreme views, the expressed social policy goals of the Reagan administration seem more modest, although their inspirational direction is clear. At a conference held at the Urban Institute in 1983,

Martin Anderson, an assistant to the President in charge of coordinating domestic policies from 1981 to 1982, outlined five important elements of the administration's social welfare philosophy, which defined and explained its basic thrust:

1. A sound and growing economy is vital to reducing poverty and ensuring the opportunity for prosperity for everyone.

2. Eligibility standards for social welfare programs should be fair, setting reasonable limits as to who qualifies for aid.

3. Fraud, waste and extravagence in social welfare programs should be substantially reduced.

4. In order to improve effectiveness and to lower costs, the responsibility for certain social welfare programs, together with the tax resources necessary to fund them, should be returned to the states and localities (the New Federalism).

5. A guaranteed income is unconscionable and impractical. To the extent that people are able to take care of themselves, they should do so.[30]

The shift from government to the private market, from the federal government to state and local, from broader to narrower standards of eligibility, are explicit; more implicit is the goal of reducing welfare eligibility and benefits by stiffening work requirements, by promoting "workfare" and by requiring stepparents to contribute to child support. The original proposals to turn the AFDC program and Food Stamps over to the states, in return for the federalization of Medicaid, failed in Congress, as did other proposed cuts in successive Congresses.[31] Nevertheless, the final cuts did succeed in reversing previous growth trends, and a new agenda for future directions was introduced.

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30. Martin Anderson, "The Objectives of the Reagan Administration's Social Welfare Policy," chapter in Bowden, Social Contract, op. cit.

31. See Palmer and Sawhill, The Reagan Record, op. cit., for full details.

To summarize, under a conservative scenario, we can expect to see further attempts to cut eligibility, to turn AFDC and another major cash assistance program over to the states in return for federalization of the third, and to reduce Federal support for a wide variety of social services. Finally, it is possible that "workfare" might be mandated for all states.

2. The Liberal Scenario

Despite the popularity of Reagan and the swing to conservative policies, there still remains a very powerful lobby in Washington in favor of liberal reforms to the complex Federal/State network of social programs. The recent study by the Congressional Budget Office mentioned above provides a systematic discussion and analysis of forty options for reform, some under active consideration in the Congress, which serves as a useful framework for considering the kinds of directions a liberal administration might take, although the report contains conservative proposals also. After a general discussion of broad policy issues, of the conflicts between long term and short term policies and over the appropriate role of government, the report outlines the various options it considers under four main headings: (1) Options for Cash Transfer Programs; (2) Options for In-Kind Transfer Programs; (3) Options to Deal with the Effects of Poverty; (4) Options to Improve Employability. While the report describes the proposed reforms as largely incremental, most do in fact require additional Federal expenditures, and estimates are provided of the costs of the various proposed changes.

1. Options for Cash Transfer Programs.

Options for three cash programs are considered: AFDC, Earned Income Credit (EITC) and children's allowances. Under AFDC, six options are presented. Of

these, three would increase the number of eligibles; one to require all states to add the unemployment parent option to AFDC, one to expand AFDC to all two parent families, and one to raise the assets limitations for eligibility. Two other options deal with the benefit level; one is to establish minimum AFDC benefits at 65 percent of the official poverty level for that size family; the other is to raise the Federal matching rate on new benefit increases to encourage states to keep payment levels in line with inflation, which only three states have done. The report notes that any increase in AFDC benefits would also raise the numbers eligible for both AFDC and Medicaid. However, some of this increase would be offset by declines in Food Stamp eligibility.

Two conflicting options are presented on work requirements reflecting the conservative and liberal approaches to the problem. One is to require all employable AFDC recipients to participate in work-related activities, that is to mandate workfare for all states where it is optional now. The second is to liberalize the AFDC earnings deductions, that is to reintroduce the earnings disregards, which were cut by the Reagan administration, in the belief that they do provide work incentives.

Finally, two options for other cash programs are outlined, children's allowances and the expansion of the existing EITC program. The second is designed to provide a work incentive and to offset the burden of Social Security taxes on low income workers. It has been found that while the existing program does have a work incentive effect for very low income families, for a family with somewhat higher earnings any additional earnings decrease EITC payments at a higher marginal tax rate. Another tax proposal to support all families is Senator Moynihan's bill to increase the exemptions for children, to begin to reverse the enormous decline in their value since World

War II.[32] The CBO report points out that before the war 90 percent of the population was below tax entry levels for federal income tax; by the 1960s many families below the poverty level were subject to tax, only EITC and the exemption of very low income families from taxes reversed this trend, although more recently families below the official poverty line are again paying taxes.

2. Options for In-Kind Transfer Programs.

These options are considered under four headings: food stamps, school nutritional programs, health care and housing. As we have seen, the most important in terms of local expenditures is Medicaid. All the options considered here would expand the coverage of the Medicaid program, which would add to State and Federal costs. The report does not consider the introduction of national health insurance, which would naturally have major implications for all health services and their financing.

3. Options for services to deal with the effect of poverty and to improve employability.

The rest of the options consider the wide variety of other social services currently available for helping poor families with children under six headings: (1) the Supplemental Food Program for Women, Infants and Children (WIC); (2) Child Welfare Services; (3) Targeted Education programs including Head Start; (4) Services related to Adolescent Pregnancy and Parenthood; (5) Employment and Training; (6) Child Care. Only the last three are directly

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32. Senate Bill, S.1194, 99th Congress, 1st Session. See also Daniel Patrick Moynihan, "Family and Nation," Godkin Lectures, Harvard University, April 1985.

related to preventing long run dependency on AFDC; they include options to restore cuts made recently and to expand these services.

To summarize, with a liberal scenario we can expect to see efforts to reverse the recent cuts in welfare programs and services, and to expand them beyond previous levels by increasing both the numbers eligible and the benefits available. It is also probable that some federalization of existing cash assistance programs will be proposed. The most likely format is that adopted for the SSI program in the early 1970s, the option to establish minimum Federal AFDC benefits as described in the CBO report. In the event that a national health insurance program is also devised (not an option considered by the CBO), presumably the current Medicaid program would also be federalized.

3. No Major Institutional Change

A third possible scenario is that of a stalemate, if Congress resists both conservative cuts with decentralization and major additional social expenditures with federalization.

B) State Reaction to Federal Scenarios

As we have seen, the major impact of Federal policy on New York City can be cushioned by the State, if it steps in to pick up the Federal cuts. By the same token, if the State becomes even more generous to the poor than the Federal government and continues to require local contributions to the financing, the City's own tax burden could increase.

1. Conservative Scenario

If the Federal government did decentralize the major cash assistance programs, it is unlikely that the State would be able to offset all the cuts in Federal funds, which it is assumed would occur. (Even if the Federal government did at first maintain spending levels by transferring funds to block grants, the assumption is that these would be reduced sooner or later.) This would then be a worst case scenario for the City's ability to help the poor, since the State would be least willing to take over the financing of the cash programs, and most unlikely to have sufficient funds to increase benefit levels. If Food Stamps were not decentralized, the only way the State and the City might be able to mitigate these fiscal effects would be if they reduced welfare benefit levels to make more New Yorkers eligible for federally-financed Food Stamps.

If "workfare" was mandated for all states, it is difficult to see how it could be implemented in New York City. Blanche Bernstein estimated in 1983 that it would require the creation of 90,000 jobs to put all the employable AFDC mothers to work within a year, and more job slots would be necessary as more mothers became eligible. This is in addition to the existing 9,000 slots for Home Relief eligibles alone. Without Federal funds for administration of such an extensive job creation effort, there is little incentive for states to undertake such programs.[33] Other research studies have shown that women on workfare programs are just as likely to return to AFDC as other AFDC cases; in other words, there is no evidence that such programs reduce long term

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33. Bernstein, "Welfare Dependency," op. cit.

dependency.[34] The new New York State program seeks to place employable AFDC women in private sector jobs, in on-job training slots, in school programs or in limited time public sector work experiences in an attempt to avoid the "workfare" cycle.[35] This program may avoid the more repressive aspects of some state's workfare programs. Nevertheless, because it focuses upon mothers with children older than six, it still deflects earnings enhancement efforts from younger women with fewer children and from the fathers of AFDC children.

2. Liberal Scenario

New York State and City have been at the forefront of the political pressure to federalize public assistance and to expand coverage to include the working poor in Federal programs. The original Family Assistance Plans (FAP) proposed by President Nixon in the early 1970s were designed to accomplish this purpose. In this form of federalization, which was adopted for the SSI program when it replaced the existing welfare programs for adults, the Federal government pays a uniform Federal minimum by family size; since this minimum is lower than the benefit allowance prevailing in many states, such states are required to supplement the Federal floor up to existing levels in order to prevent a decline in income for any current recipient. Because New York State's allowance was so much higher than the proposed Federal minimum under FAP, many State and City officials feared they would actually

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34. For survey of evidence, see "Measuring the Effects of the Reagan Welfare Changes on the Work Effort and Well-being of Single Parents," Focus, University of Wisconsin-Madison, Institute for Research on Poverty, Spring 1985, Vol. 8, No. 1, pp. 1-8.

35. Robert D. McFadden, "Job Rule on Welfare Aid to be Applied in Phases," New York Times, October 21, 1985, p. B1.

end up spending more on cash assistance than they did under the existing 50/25/25, Federal/State/City formula. The erosion of the value of New York State's allowance in the 1970s has considerably altered the potential fiscal impact of this form of federalization.

The CBO study considers the option of setting a Federal minimum at 65 percent of national poverty levels by family size, noting that this is somewhat lower than the current SSI minimum. This would provide an AFDC family of three with no other income an estimated $396 per month, plus $132 in food stamps, in 1986. In 1984, the New York State monthly allowance for a family of three was $474; thus, the State and City's share in funding AFDC benefits would fall considerably from its current 50 percent. However, New York State still remains a high benefit state, so it is possible that the Federal government could not afford to be this generous. In short, the extent of fiscal relief from federalization is complicated. On the one hand, options to expand the numbers eligible could offset any gains from setting the Federal minimum high enough to ensure that the state paid less than half the existing allowance levels. On the other hand, many of the working poor and others currently eligible for the entirely State-financed Home Relief Program might become eligible for an expanded Federal family program. It should also be noted that, while the Federal government can save something on Food Stamps by raising AFDC allowances, the State and City cannot, because they do not contribute to Food Stamp finances.

Finally, if the experience of SSI in a period of inflation is anything to go by, State supplementation would eventually be eroded, if the State's supplements were not indexed to cost of living but the Federal were. Thus, both the State and the City would gain fiscal relief, but the real incomes of

the poor would decline. The CBO report notes that only three states, not including New York, indexed AFDC benefits to cost of living in the 1970s, with the result that the real value of benefits fell in most states, in some by as much as 40 percent. By contrast, if inflation was controlled and the State either chose or was required to index its existing benefit level, the real incomes of the poor would be sustained, but the fiscal relief would be correspondingly lessened. Thus, although the possibility for greater flexibility in the use of funds might be gained, it is not clear that the liberal scenario would necessarily provide great sources of additional funds for the poor in New York State.

3. No Major Change Scenario

If there is no major institutional change in Federal/State responsibility for the programs for the poor, it is likely that the State will continue to react in the way it has in the 1970s; it will take whatever is available from the Federal government, but try to limit any State additions to social expenditures. In particular, there will be continued fiscal pressure to keep benefit levels low, in order to save on current recipients and to prevent an increase in the numbers of eligibles for AFDC and through AFDC for Medicaid also. The major issue for the City will then become whether or not the state reneges on its commitment to take over Medicaid payments, the largest and fastest growing cash assistance program for the poor.

C) City Options Under the Different Scenarios

The first step in developing recommendations on future welfare and family policy for New York City is to establish a framework for estimating the

dimensions of the problems, for outlining the policy options and limitations which the City's policy makers face and for evaluating the possible impact of recommendations. This paper has provided some rough estimates of the dimensions of the problems from existing demographic projections and recent trends in AFDC caseloads and expenditures in New York City; it has also sketched three scenarios for policy directions at the federal level and the State's possible reactions. In the final section we seek to summarize the implications of the future trends and scenarios for City policy, to suggest some recommendations, which the New York City Commission on the Year 2000 might want to consider, and to indicate some research priorities for reaching more definitive positions on the various policy questions.

Existing demographic projections to the year 2000, in particular the ethnic composition, give little hope that the manifold social and economic problems associated with the growth of the poverty-prone black and hispanic populations within New York City's boundaries will be lessened in the near future. Despite recent declines in fertility and the stabilization of the black population, the continuation of past migration patterns (even at lower rates) would lead to further declines in the white population and increases in the hispanic and Asian populations. In terms of family formation, this would mean that there will be more children living in homes without a father present than ever before in New York City in the year 2000. There would have to be a substantial decline in the proportion of female headed households among black and hispanic families to reverse this trend. If the City is to have any long term success in reducing these rates, it must concentrate on reducing the inflow into this family situation. Researchers and policy makers of all political persuasions are agreed that this can only be achieved by focusing

policy efforts on preventing teenage pregnancy, although they disagree about how this can best be accomplished.

The City, in line with liberal thinking on these matters, has begun to build programs to deal with the problems of teenage pregnancy through sex education and family planning services, through continued support for abortions under the Medicaid program, and through further education, training and job opportunities for young women. More recently, black leaders and researchers are strongly arguing that education, training and job opportunities for the young men, who father the rising number of illegitimate babies, are even more crucial for strengthening families in the long run. Access to stable market careers increases both the financial resources for men to support their own children and the incentives for young men and young women to stay in school, to become committed to the legal job market as the way out of poverty, and to postpone childbearing.

Long before George Gilder and long before the Reagan administration, as New York State faced severe fiscal constraints and the spectre of bankruptcy for a number of municipalities and state agencies, it succeeded in limiting the growth of AFDC expenditures in real terms by not increasing welfare allowances to keep pace with inflation. Thus, despite the growth in female headed households and illegitimate births, AFDC caseloads have been contained in the past decade. New York State was certainly not alone in pursuing this policy, but its very success highlights the dilemma faced by governments concerned to alleviate poverty, but unable to meet all the competing demands for public services. At the same time, it is also clear that reducing welfare allowances has not "solved" the so-called problem of "welfare dependency," as it is articulated by the conservative school. On the assumption that no New

York City administration is likely to subscribe to conservative diagnoses of the poverty problem in this country, the only hope for a substantial improvement in the immediate conditions of New York City's poorest families is a renewed liberal effort to deal with the problem nationally.

However, even under a liberal scenario, there are many different options for reform, not all of which would increase the income of the poor families in New York City, and some of which could conceivably add to the City's own tax burden. The two best bets for the City are: (1) an AFDC federalization plan, which ensures a Federal minimum payment well above half the contemporary New York State allowance level; and (2) a Federal expansion of AFDC to include the working poor now covered by Home Relief in New York State. Given the decline in the real value of New York State welfare allowances, as we have seen the first possibility (based on the earlier SSI model) is much more likely to provide substantial fiscal relief to the City than the various Family Assistance Plans which were proposed in the early 1970s.

There still remain other important ways in which City policy can affect both the short term and long term situation of its poor families, independent of Federal and State policy directions. AFDC caseloads can be significantly affected by local implementation: all other things being equal, if acceptance rates are raised, caseloads will increase; if closing rates are raised, they will fall. Furthermore, higher opening and closing rates, which add to the rate of turnover, will also reduce the average stay on AFDC. Whether and in what direction a City administration might want to influence these rates depends upon its broader policy goals. As Blanche Bernstein pointed out, the high error rates on AFDC have been successfully reduced through local efforts to close ineligible cases; New York City's error rates are certainly in line

with national rates and little is likely to be gained from spending more on this kind of enforcement.

Ideally, changes in turnover should occur because the City has found more effective ways to help families in very different situations more appropriately. For instance, if unmarried teenage mothers are assisted in preventing a second birth, in graduating from high school and in starting a productive working life, expenditures on income support and necessary services might decrease the short term turnover of such cases, but reduce the long run need for income support. The current policy in New York State, that all mothers with children under 6 be considered "unemployable" for employment purposes, may be counterproductive, since these are most likely to be the younger mothers who need help to prevent long term stays. In contrast, a high school dropout in her thirties, with no significant work skills or experience but a number of children older than 6, may be the most difficult and expensive to help find a job which pays enough to keep her family out of poverty in the long run.

In short, the City can be most effective at providing a coordinated and integrated approach to focus upon the start of the poverty cycle in the teenage experiences of poor men and women. An integrated policy approach requires coordination of policies towards welfare, abortion and family planning, education, jobs, training and crime. Thus, the policy issues and options outlined in the two other Urban Research Center reports by John Jeffries and Richard McGahey are also relevant to the problems of family and welfare policy. At an institutional level it must involve State and City agencies including the Human Resources Administration, the Board of Education, the Department of Employment, the Office of Economic Development, the Police Department, the court system and the corrections system among many others.

I. Recommendations on welfare and family policy, which the New York City Commission on the Year 2000 should consider

We emphasized at the beginning of this report that there was little the City could do to alter basic population changes, and we have seen that recent national studies have been unable to detect any major effect of welfare policy on illegitimacy rates. We have also seen that Federal and State policies have an immediate impact on the dimensions of the welfare problem in New York City. Nonetheless, we have also presented evidence to suggest that the City does have the power to influence the implementation of the basic cash assistance programs and to provide a set of services to assist families in need. Clearly the City's options to design its own approach to family and welfare policy is strongly influenced by its ability to obtain some fiscal relief on the largest budget items, the mandated cash assistance programs. Therefore, we suggest that the Commission should discuss possible recommendations under two separate headings, those which are aimed at obtaining fiscal relief, and those which are aimed at providing the City with its own social welfare policy. In this way the Commission can meet the challenge recently posed by Senator Moynihan to begin to do something to reduce the polarization of the City into two cities, the rich and the poor.[36] The list is intended to set an agenda for discussion, not to suggest conclusions.

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36. See reports on the conference on Setting Municipal Priorities in the New York Times, November 11, 1985 and New York, November 25, 1985.

a) Recommendations to obtain fiscal relief.

1) The City should press for the federalization of AFDC. It should consider supporting the SSI model of minimum Federal payments, as long as the minimum is significantly above half the contemporary New York State welfare allowance.

2) The City should press for the expansion of the AFDC program to include the working poor currently covered under Home Relief.

3) The City should continue to press for State take-over of significant portions of the City's Medicaid bill.

4) The City should consider whether to press for a "grandparents' liability" law in New York State, which would make parents responsible for the upkeep of babies born to their own unmarried daughters.

b) Recommendations for the City's own social welfare policy.

i. Implementation of AFDC

1. The City should consider how to develop more sophisticated techniques to identify the appropriate services for each client at intake.

2. The City should consider whether and how much resources to invest in toughening up child-support payment enforcement.

3. The City should not implement the proposed "workfare" programs for mothers of children over the age of six at the expense of efforts to provide education, training and employment opportunities for young men and women from poor families in general.

ii. Other programs and services

1. The City should continue to provide funds and facilities for poor women to obtain abortions.
2. The City should continue to pursue its special programs to reduce teenage pregnancy, but must provide an integrated approach, which includes appropriate services for young men, as well as young women.
3. The City should continue existing day care facilities and expand them to enable young AFDC mothers with one child to finish school or to obtain job training and experience.

II. Recommendations for further research to refine and elaborate the appropriate position for the Commission to take.

a) More detailed research on demographic trends.

Existing projections do not provide sufficient detail on age, sex and race groups to draw anything but the broadest conclusions. In particular, we recommend the following studies:

i. To test the effect of different fertility/migration assumptions on population projections, and to provide a broader range of population scenarios.

ii. To provide projections by ethnicity to the year 2000; currently these are only available to 1990.

b) More detailed research on the fiscal implications of the different Federal policy scenarios for the State and the City.

This report provides only an overview of broad trends from readily obtainable data. More detail on other cash assistance programs, e.g., Home Relief, SSI, Medicaid, is necessary. No research was conducted on expenditures on social services by funding source.

c) More detailed research on the effectiveness of the wide variety of social service programs to help poor families in New York City.

This requires a review of the research literature on a number of programs, some of which have already been undertaken by the Commission staff.

d) More detailed consideration of the various options for reform and their implications for New York State and New York City.

The CBO report on options for reducing the poverty of children nationally is an excellent framework for considering possible future directions in a wide variety of services. This report has focussed only upon those directly concerned with cash assistance programs; and even here only the briefest survey has been possible.

2/7/86

Demographic Trends and Youth Employment Policy: A Look to the Year 2000

John M. Jeffries

Summary

This paper discusses the future labor market prospects of youth in light of demographic trends and projections. It reviews the relationship between demography and the youth labor market, and analyzes explanations for the persistent differential labor market status of white and nonwhite youth. The paper concludes by proposing a set of policy initiatives designed to alleviate the disproportionate amount of labor market distress borne by New York City minority youth. Among its principal findings are:

* Contrary to conventional widsom, projected declines in the absolute number of youth and their relative share of the population do not necessarily imply improved future labor market circumstances for minority youth. This pertains to conditions in New York City and the nation.

* Nationally, the number of nonwhite youth will decline much slower than the number of white youth; and in New York City, the proportion of nonwhite working-age teens and young adults will grow markedly over the next decade and a half. Blacks will comprise an increasingly smaller proportion of the nonwhite population in the future.

* Over the past decade and a half, the nation's youth unemployment problem has increasingly become a minority, particularly black, youth unemployment problem--characterized by extemely high unemployment among black and other nonwhite youth relative to their white counterparts. In New York City, black unemployment rates are 2.5 times those of white youth, and have not fallen despite an unprecedented period of local job growth. Recent research suggests that job competition in New York City between blacks and more recent immigrant groups such as Asians and non-Puerto Rican Hispanics is likely to increase.

* The rise in the minimum wage does not account for the rise in black youth unemployment over the past 15 years. In fact, relative to private sector wages, the minimum wage has fallen. In 1970, the minimum wage was 50 percent of average private sector wages, by 1983 it was only 42 percent of private sector wages. In addition to having no positive effect on minority youth unemployment, a youth sub-minimum wage is likely to displace older workers, and is therefore an unsound policy alternative.

* Youth employment policy must recognize the varying needs and heterogeneity of the population in need. Although a variety of programs exist in New York City, it is not at all clear that a comprehensive strategy has been devised. Such a strategy would coordinate the following efforts: increasing the number of decent entry-level jobs to which minority youth would have access; implementing links between the upgrading of deficient basic skills and part-time employment during the school year and summer; dropout prevention, especially among the economically disadvantaged; applying pressure on the public school system to adequately prepare students; legislating linkages between local economic development policy and youth employment initiatives; improving the employment situtation for the city's minority adults; and reaffirming our strong commitment to and enforcement of anti-discrimination and affirmative action policies.

I. DEMOGRAPHICS AND THE YOUTH LABOR MARKET

The Baby Boom and the Youth Employment Dilemma

Much of the current understanding and conventional wisdom regarding the youth unemployment problem in the United States is informed by, and in many cases based solely upon, demographic trends and their influence on the youth labor market. Demography's influence has prompted many analysts to conclude that the projected decline in the number of white youth will improve the future labor market circumstances of all youth. Such a conclusion ignores two important considerations: 1) the number of nonwhite youth will not fall in the future; and 2) the projected decline of the young white population is not likely to result in improved labor market circumstances for nonwhite youth.

Estimates of the absolute size of the youth population and their share of the civilian labor force are assumed to provide a reasonable first approximation of future labor market success. Generally speaking, the smaller the cohort, the more advantageous its labor market position. All other things held constant, larger cohorts, relative to their predecessors, are at a distinct labor market disadvantage. When preceded by smaller groups, members of large cohorts are forced to compete more intensely against one another for jobs; when following another large cohort, there is unavoidable competition with members of the preceding group as well. Cohort size is also likely to influence decisions having to do with completing or going beyond compulsory education, military service and/or occupational choices.

Whether the most relevant variable effecting the labor market outcomes of youth is the absolute size of the youth population or its relative share of the civilian labor force is a matter of interpretation. Traditional economic analysis assumes that most young people and most adults are close substitutes in the labor market, and, therefore, changes in the relative size of the youth

labor force result in changes in their wage rates relative to the wage rates of other age groups. If youth wage rates do not adjust as expected, one would still anticipate changes in youth unemployment rates relative to adult joblessness. In either case, the key variable is the youth share of the civilian labor force. By contrast, institutionalist-driven labor market analyses posit the existence of labor market segments, the most relevant in this particular case being an urban youth labor market to which all young jobseekers are "confined." Very few adults compete directly with young urban labor force participants according to this view. By rejecting the perfect substitutability assumption made in the more traditional analysis, the youth labor market/segmentation approach emphasizes the absolute size of the youth population as well as its relative share.

Most interpretations of the relatively difficult labor market conditions facing young people in the 1960's and 1970's refer to the postwar baby boom. In 1947, new births reached a 3.8 million per year high, surpassed only by a 4.5 million per year peak registered from 1958 to 1962. Demographers have attributed the first surge to an increase in the number of first-born children, and the latter boom to an increase in the number of third- and fourth-born. The tremendous increase in both the absolute size of the youth population and their relative share of the civilian labor force resulted in persistently nigh youth unemployment rates beginning in the early nineteen sixties and carrying into the seventies. Youth unemployment rates have always been higher than adult rates in the U.S., but the disadvantageous labor market position of youth was exacerbated by the increase in the labor force participation rates of adult women which began in the late nineteen sixties. High youth unemployment rates became associated with an upward pressure on the aggregate

unemployment rate as well. It is this picture of demographically-determined labor market dynamics that will undoubtedly inform all future speculations about youth labor market conditions.

Future Demographic Trends and Youth Labor Market Conditions

National and local population projections for the next two and a half decades indicate that the number of young people will grow more slowly, relative to previous postwar years, and that young people will comprise a relatively smaller share of the population. According to published Census Bureau figures, 15 to 24 year olds comprised 18.7 percent of the total population in 1980, with estimates of 18.0 percent in 1982. The projections for 1990, 1995 and the year 2000 are 14.2, 13.1, and 13.5 percent respectively. Even though the projections indicate a slight growth in the proportion of 15-24 year olds between 1995 and 2000, the youth share of the population at the beginning of the next century is still projected to be well below that of 1980 (Bureau of the Census, 1984) (see Table 1).

Similar demographic trends characterize future conditions in New York City. In 1970, the number of New York City residents under the age of 18 peaked at 2,235,000. However, over the past decade the size of the youth population has declined considerably and steadily relative to other age cohorts. According the Department of City Planning, "From 1970 to 1980 the rate of decline of persons under the age of 18 was twice that of the total population" (1983, p. 1). Projections of New York City's young population indicate a decline from 1.8 to 1.6 million from 1980 to 1990, with the 10 to 17 year old age group projected to contract by approximately 200,000. The chief assumptions underlying these projections are a decline in the birth rate

Table 1

ESTIMATES AND PROJECTIONS OF THE PERCENT DISTRIBUTION OF THE UNITED STATES POPULATION, BY AGE: 1950 to 2000

Year	Total Population	Age 14-17	Age 18-24
Estimates			
1950	100.0	5.5	10.6
1960	100.0	6.2	8.9
1965	100.0	7.3	10.4
1970	100.0	7.8	12.1
1975	100.0	7.9	13.0
1980	100.0	7.1	13.3
1982	100.0	6.4	13.1
Projections*			
1985	100.0	6.2	12.0
1990	100.0	5.2	10.4
1995	100.0	5.5	9.3
2000	100.0	5.7	9.4

* From the Census Bureau's "Middle Series" population projections.

Source: U.S. Department of Commerce, Bureau of the Census, Projections of the Population of the U.S., By Age, Sex, and Race: 1983-2080, Current Population Reports, Series P-25, No. 952, Table F, May, 1984, page 8.

from 1980 to 1990 relative to the 1970's, and "net migration outward...no more than that experienced from 1970 to 1980, and [possibly] as little as half the 1970 to 1980 level" (Department of City Planning 1983, p. 2). Population projections by age developed by the New York State Department of Commerce and the National Planning Association also indicate that young people in New York City will comprise an increasingly smaller share of the city's population over the next decade and a half (see Table 2).

Labor force projections published by the Bureau of Labor Statistics (BLS) show that the total and youth labor forces will grow more slowly over the next decade relative to the past ten years. The size of the youth labor force will shrink over the projected period, and 16 to 24 year olds will make up only 16 percent of the civilian labor force in 1995, compared to almost 24 percent in 1980 (see Tables 3 and 4).

A cursory glance at population and labor force projections, given a demographically-driven analysis of labor markets, seems to suggest that relative to conditions in the 1960s and 1970s, youth labor market conditions are likely to improve over the next fifteen years. The previous emphasis on future demographic trends clearly suggests that the cohort of young people reaching labor market entry age at the end of this century will be significantly smaller than previous cohorts. Other things remaining the same, and compared to the labor market circumstances of youth between 1965 and 1980, the new cohort's future labor market prospects could easily be construed as positive.

The Importance of Race and Ethnicity

However, careful consideration of race and ethnicity when analyzing national and local population projections to the year 2000 and the particular

Table 2

PROJECTIONS OF NEW YORK CITY'S POPULATION,
BY AGE, 1990, 2000
(numbers in thousands)

	1990			2000	
	NYS COMM[1]	NPA[2]	CSS[3]	NYS COMM	NPA
Total, NYC	7,180.3	6,916.0	6,951.0	7,260.6	6,640.0
15-19	444.5	400.4	347.0	439.1	454.5
20-24	541.0	534.3	498.0	481.0	399.7
15-24	985.5	934.7	854.0	920.1	854.2
	As a Percent of New York City's Total Population				
Total, NYC	100.0	100.0	100.0	100.0	100.0
15-19	6.2	5.8	5.0	6.0	6.8
20-24	7.4	7.7	7.2	6.6	6.0
15-24	13.7	13.5	12.2	12.7	12.9

	Percent Change 1990-2000	
	COMMERCE	NPA
Total, NYC	+1.1	-4.0
15-19	-1.2	+13.5
20-24	-11.1	-25.2
15-24	-6.6	-8.6

[1] New York State Department of Commerce
[2] National Planning Association
[3] Community Service Society

Sources: New York State Department of Commerce, Official Population Projections for New York State Counties: 1980 to 2010, April 1985; T. Sivia and N. Terleckyi, U.S. Economic Growth: Regional Projections, 1984-2000, National Planning Association, 1983; E. Tobier, The Changing Face of Poverty. Trends in New York City's Population in Poverty: 1960-1990, Community Service Society, October 1984.

Table 3

NATIONAL LABOR FORCE GROWTH, 1950-1982
AND PROJECTED GROWTH, 1983-1995
(Average Annual Rates)

Age	Percent Change				
	1950-60	1960-70	1970-82	1982-90	1990-95
16 and over	1.3	1.7	2.4	1.6	1.0
16 to 24	0.0	4.5	2.7	-1.3	-0.8
25 to 54	1.3	1.0	2.3	2.9	1.6
55 and over	1.6	1.4	0.3	-0.7	-0.2

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment Projections for 1995, Bulletin 2197, March 1984, page 2.

Table 4

U.S. CIVILIAN LABOR FORCE, 1970-1982
AND PROJECTED* TO 1990 AND 1995

	1970	1980	1982	1990	1995
Total 16+	82,771	106,940	110,204	124,951	131,387
16-19	7,249	9,380	8,526	7,901	7,804
20-24	10,597	15,922	16,081	14,186	13,326
16-24	17,846	25,302	24,607	22,087	21,130
	Percent Distribution				
Total 16+	100.0	100.0	100.0	100.0	100.0
16-19	8.8	8.8	7.7	6.3	5.9
20-24	12.8	14.9	14.6	11.4	10.1
16-24	21.6	23.7	22.3	17.7	16.1

* Based on the Census Bureau's "Middle Series" population projections.

Source: Calculated from Table 1 in U.S. Department of Labor, Bureau of Labor Statistics, Employment Projections for 1995, Bulletin 2197, March 1984, page 3.

labor market experiences of black youth significantly dampens optimistic views of youth labor market conditions over the next decade and a half. This is particularly true with respect to the labor market prospects of nonwhite youth in New York City.

According to Census Bureau calculations, the nonwhite population is projected to grow at a rate much faster than the rest of the nation. Over the next several decades the proportion of the total population that is black-and-other races will increase steadily (see Table 5). The Census Bureau has concluded that "in the future the white population never increases more than about 40 percent as rapidly as does the black-and-other races population" (1984, p. 9). The number of births by black-and-other races is currently 725,000, an all time high, and not much of a decline is projected for the 1990s because the number of women of childbearing age in that group continues to increase.

Although black Americans will comprise an increasingly smaller proportion of the black-and-other races in the future, the black population will continue to grow at a rate greater than that of whites (see Table 6). Between 1990 and 2000 the black population is projected to grow at a rate that is 2.5 times that of whites, and almost twice that of the nation. The total black fertility rates* for 1983 and projected for 1990 are 2,286 and 2,345 births per 1000 women, respectively. The comparable figures for white females are 1,763 and 1,872 births per 1000 women. These differential rates of population growth

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* The total fertility rate indicates the number of children that women would have in their lifetime if, at each year of age, they experienced the age-specific birth rates occurring in a specified year. For a more detailed explanation, see Bureau of the Census, Projections of the Population of the United States by Age, Sex, and Race: 1983 to 2080. Current Population Reports. Series P-25, No. 952, pp. 130-132.

Table 5

PERCENT OF TOTAL POPULATION THAT IS
BLACK AND OTHER RACES

Estimates:

1950	10.7
1960	11.4
1970	12.4
1980	14.1

Projections:

1990	15.6
2000	16.9
2080	25.5

Source: U.S. Department of Commerce, Bureau of the Census, Projections of the Population of the U.S. by Age, Sex and Race: 1983 to 2080, Current Population Reports, Series P-25, No. 952, Table H, May 1984, page 10.

Table 6

PROJECTIONS OF THE POPULATION, BY AGE AND RACE,
FOR THE UNITED STATES: 1990, 1995, 2000*
(numbers in thousands)

				Percent Change		
	1990	1995	2000	1990-1995	1995-2000	1990-2000
All Ages						
Total	249,657	259,559	267,955	+3.9	+3.2	+7.3
White	210,790	217,412	222,6564	+3.1	+2.4	+5.6
Black	31,412	33,651	35,753	+7.1	+6.2	+13.8
15 to 19 years						
Total	16,968	16,968	18,943	0	+11.6	+11.6
White	13,840	13,794	15,113	-0.3	+9.5	+9.2
Black	2,546	2,538	3,114	-0.3	+22.7	+22.3
20 to 24 years						
Total	18,580	17,142	17,145	-7.7	0	-7.7
White	15,270	13,933	13,889	-8.6	-0.3	-9.0
Black	2,720	2,565	2,558	-5.7	-0.3	-6.0
15 to 24 years						
Total	37,548	34,110	36,088	-9.2	+5.8	-3.9
White	29,110	27,727	29,002	-4.8	+4.6	-0.4
Black	5,260	5,103	5,672	-3.1	+11.2	+7.7

*Includes Armed Forces overseas; as of July 1st in each year.

Source: U.S. Department of Commerce, Bureau of the Census, Projections of the Population of the U.S., By Age, Sex and Race: 1983-2080, Current Population Reports, Series P-25, No. 952, Table 6, May 1984, pp. 53-73.

and fertility imply the following for the future black youth population: the number of black youths between the ages of 15 to 24 will increase 7.7 percent between 1990 and 2000, while the size of the white population between the ages of 15 and 24 will fall by .4 percent, and in the nation as a whole that age-group will decline by almost 4 percent.

All available New York City population projections by age indicate that the number of working-age teenagers and young adults is likely to decline in both absolute terms and as a percentage of the city's total population. Closer examination of the racial and ethnic composition of that cohort reveals that at the same time the city's future population becomes older, the proportion of its younger population that is nonwhite will grow. Figures from Tobier's (1984) Community Service Society report on poverty in New York City quantify this projection most clearly (see Table 7). According to Tobier's calculations, the number of New York City's 16 to 24 years olds is projected to decline 20 percent from the 1980 level of just above one million to 845,000 in 1990. However, the percentage decline among white non-Hispanics in that age group is projected to be twice (-40 percent) that of the overall rate during the same ten year period. The comparable percentage changes for black non-Hispanics and all Hispanics are -9.6 and -4.7 percent respectively. Only other nonwhites are expected to increase their numbers from 1980 to 1990. With respect to the youth share of New York City's population, Tobier's figures show that in 1970 white non-Hispanics comprised 60 percent of all 16 to 24 year olds. By 1980 that proportion had fallen to 44 percent, and the projected 1990 share is 33 percent, almost one-half the proportion twenty years earlier. The black non-Hispanic and all Hispanic shares of the total 16 to 24 year old population are projected to grow much more slowly between 1980 and 1990, relative to the previous decade. By contrast, other nonwhite 16 to

Table 7

YOUTH POPULATION TRENDS IN NEW YORK CITY,
BY RACE AND ETHNICITY, 1970, 1980 and 1990*
(numbers in thousands)

	1970	1980	1990
All 16 to 24 year olds	1,132	1,058	845
White Non-Hispanics	680 (60)	461 (44)	276 (33)
Black Non-Hispanics	229 (20)	291 (27)	263 (31)
Other Non-Whites	29 (3)	50 (5)	64 (8)
All Hispanics	194 (17)	255 (24)	243 (28)

	Percent Change		
	1970-80	1980-90	1970-90
All 16 to 24 year olds	-6.5	-20.1	-25.4
White Non-Hispanics	-32.2	-40.1	-59.4
Black Non-Hispanics	+27.1	-9.6	+14.8
Other Non-Whites	+72.4	+28.0	+120.7
All Hispanics	+31.4	-4.7	+25.3

*Numbers in parentheses are percentages of all 16 to 24 year olds.

Source: E. Tobier, The Changing Face of Poverty. Trends in New York City's Population in Poverty: 1960-1990. Community Service Society of New York, October 1984, Appendix table 2, pp. 124-127.

24 year olds are projected to increase their share by over 60 percent between 1980 and 1990. The NPA's projections of New York City's population by age also suggest that nonwhites will comprise a larger share of the younger age groups in 1990 (see McGahey 1985).

Both sources clearly indicate that the most salient characteristic of New York City's future pool of young labor force participants will be its nonwhite majority.

Similar trends have been projected with respect to the future composition of the nation's labor force. The nonwhite contribution to the growth of the labor force has been increasing steadily since the 1960's, "despite the continuing drop in participation by black men" (Bureau of Labor Statistics 1984). According to the Bureau of Labor Statistics, "the black labor force is projected to grow at almost twice the white rate, reflecting the younger age structure of the black population" (Bureau of Labor Statistics 1984). Due to future differential rates of growth, blacks will account for 21 and 28 percent of the additions to the country's labor force during the 1982-1990 and 1990-1995 periods, respectively (Bureau of Labor Statistics 1984). The race-specific population projections for the nation and New York City, and the above labor force projections suggest that young nonwhite and black labor market entrants are not likely to profit from the projected decrease of the 16 to 24 year old cohort in the year 2000.

The Future Supply of Black Youth in the Labor Market

If, as the figures suggest, the black "baby boom" began a few years later than the nation's, then we would expect that the relative increase of potential young black labor market entrants would, in effect, result in

Table 8

U.S. LABOR FORCE GROWTH, BY RACE, 1950-1982
AND PROJECTED GROWTH, 1982-1995
(Average Annual Rates)

	Percent Change				
	1950-60	1960-70	1970-82	1982-90	1990-95
Total Labor Force	1.3	1.7	2.4	1.6	1.0
Black and other	--	1.8	3.6	2.6	2.0
Blacks	--	--	--	2.3	1.8

Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment Projections for 1995, Bulletin 2191, March 1984.

continued labor market distress at least through the 1990s. Future adverse labor market conditions will likely be characterized by persistent, if not growing, socioeconomic disparities between black and white youth reflected most starkly by high black youth unemployment rates, low earnings, employment-to-population ratios and labor force participation rates, and the continued possibility of a restricted choice of jobs due to employment discrimination. In addition to the net effect of demographic trends, the labor market position of black youth might also influenced by other supply-side influences, such as: secondary and postsecondary school enrollment trends; the enlistment of black youths in the volunteer armed forces; black student labor force participation rates as compared to rates of white students; and the degree of black youth nonparticipation in the labor market or in school. In the absence of any presumed or speculated offsetting demand-side factors,* one can safely conclude that black youth are likely to suffer disproportionately in the future.

However, it is at least arguable that some of these supply-side factors could induce a slowing of the anticipated increase in the number of future young black labor market entrants, which would presumably improve the employment opportunities of the new cohort, all other things being equal. For example, the voluntary armed services might act as, or simply be interpreted as, a "safety valve" which might be chosen by a significant number of young blacks as an alternative to civilian labor force participation. A recent study indicates that blacks are increasing their share in the armed forces. In fact, the proportion of blacks in the armed forces is greater than black

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* This is especially important as far as New York City is concerned, given the projected slow job growth in the future (see McGahey 1985).

representation in the civilian labor force (Leon 1984). The author notes that "the proportion of black men in the armed forces is twice that among civilian workers, and the ratio is even a bit higher for black women" (Leon 1984, p. 5). Conventional wisdom has construed the armed forces as a temporary alternative to the civilian labor force, a mere "transition between school and civilian jobs" (Leon 1984, p. 5). The 1980 National Longitudinal Study (NLS) of high school seniors "suggests that the usual view of military service as a transitory rather than a permanent career-oriented job may not be relevant for most youths" (Leon 1984, p. 5). Although the NLS considers that finding "trivial," research conducted at Ohio State University's Center for Human Resource Research concludes that "blacks who complete their first enlistment are more likely than other racial groups to re-enlist" (Leon 1984, p. 5).

Richard Cooper attributes the increasing share of blacks in the armed forces since the mid-1960s to these factors:

> . . . (1) a dramatic increase over time in the proportion of blacks found eligible for military service; (2) particularly high unemployment rates that plagued the young black population during the beginning of the volunteer force; and (3) a lag in the earning potential for young blacks in the civilian labor force (1977, p. 210).

Therefore, a significant reduction of future labor market distress among black youth brought about by an increasing share of black enlistees in the armed forces is not likely, especially given the current existence of an increasing share of blacks in the armed forces along with persistent and chronically high black youth unemployment over the past decade. Leon summarizes the effect of the all-volunteer military as follows:

> The civilian employment situation for black youth has not improved since the start of the all-volunteer military--in fact, the jobless rate for 18- and 19-year olds rose from about 28 percent in 1973 to nearly 48 percent in 1982...

> During economic downturns, more blacks than whites enter the military from outside the labor force rather than from the ranks of the unemployed. Many of the blacks outside the labor force had not sought jobs in the civilian economy because of the poor employment situation they faced. Thus, the continually high jobless rates for young blacks directly contributed to their military enlistments during recent years (1984, p. 5).

If future school enrollment results in a lower labor force participation rate for black students, then one might expect that trend to constitute a second possible source of curbing the anticipated increase in young black labor force participants. It is important to note, however, that such a lowering of labor force participation among black students may very well be evidence of poor labor market opportunities for black youth rather than a constructive withholding of labor. Existing evidence reveals:

> A drop in black youth employment might be a disguised blessing if it were tied to higher school attendance. But this is not the case. Ellwood and Wise (1983) show that employment rates for black males both in and out of school declined during the 1970s, while enrollment and employment patterns for black women hardly changed at all during the decade. Osterman (1980) attributed some effects on employment to school enrollment, but the effects do not explain a substantial part of the employment gap between blacks and whites (McGahey and Jeffries 1985 p. 16).

Similarly, one might interpret higher rates of non-participation in the labor force or school among young blacks as a positive development, to the extent that this lack of participation slowed the future growth of the black youth labor force. However, to the extent that this "relief" from an oversupply of black youth in the labor force is associated with disadvantaged labor market conditions, it must be regarded as part of the problem rather than an element of the solution.

II. YOUTH UNEMPLOYMENT IN THE UNITED STATES: THE INCREASING SIGNIFICANCE OF RACE

A re-examination of labor market status indicators by race over the postwar period, especially over the past decade and a half, reveals "something that is too often forgotten": the youth unemployment problem in the United States has increasingly become a minority, particularly black, youth unemployment problem (Freeman and Holzer 1985). Over the past two decades the gap between nonwhite and white unemployment rates has not only grown considerably, but the differentials have been particularly resistant to regional and national economic expansions and federal policy initiatives aimed at racial discrimination in the labor market. As Freeman and Holzer succinctly state: "The well publicized youth unemployment problem, then, has taken the form not so much of joblessness among white youths as of high joblessness among black youths" (1985, pp. 18-19). The experiences of black and other minority youth in New York City over the past fifteen years epitomizes this accurate re-definition of the youth unemployment problem.*

Comparisons of black and white labor market experiences which account for differences in age, school enrollment and educational attainment illustrate the chronic employment problems of black youth relative to their white counterparts. For example, the ratio of black to white youth unemployment rates has grown steadily over the past thirty years (see Table 9). In 1954, the unemployment rates for black and white youths were virtually the same. By the end of the 1960's, black youth unemployment rates were twice those of

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* Although much of the research cited in this paper refers to the disparities between black and white youth, the general theme and intent is to document and understand the reasons for the differential labor market status of white versus black, Hispanic, and other nonwhite youth.

Table 9

BLACK/WHITE UNEMPLOYMENT RATE RATIOS,
1954-1983

Age	1954	1964	1969	1977	1983
16 to 17	.96	1.6	2.0	2.2	2.1
18 to 19	1.1	1.7	2.4	2.8	2.3
20 to 24	1.7	1.7	1.8	2.3	2.0

Source: Calculated from Freeman and Holzer (1985), Table I, page 19.

whites, and in 1977 the black to white ratio for 18-19 year olds was just under 3 to 1. During the economic recovery in 1983, the ratio of black/white unemployment for all youth under 24 years of age remained at a minimum of 2 to 1.

Perhaps even more disconcerting are comparisons of black and white employment-to-population ratios by age. Many analysts consider these comparisons of the proportion of the population that is employed "a more direct and better measure of the 'employment problem,' because it reflects not only high unemployment but also the low labor force participation rate of black youths--i.e., the high number who report themselves no longer looking for work and are therefore not counted in official unemployment statistics" (Freeman and Holzer, 1985, p. 19). In addition to drastically lower black employment-to-population ratios, the percentage of black youths employed has declined steadily since the early 1960's (see Table 10).

Recently published data from the Current Population Survey (Bureau of Labor Statistics 1983) reveal that black youth who are enrolled in school face considerably less favorable labor market conditions than whites. In October of 1982, the national unemployment rate for all 16 to 24 year old school enrollees was 16.7 percent. The comparable figures for white and black enrollees were 14.7 and 36.9 percent, respectively. Among those not enrolled in school, the recorded rates were 15.7 percent for white youth and 38.6 percent for blacks. These data also show that the unemployment rate of black high school graduates was 53.0 percent in October of 1982, compared to a 19.0 percent rate for whites. Among those not enrolled in college, the unemployment rates for black and white 16 to 24 year olds were 58.0 and 21.4 percent respectively. And among those youths that dropped out of high school,

Table 10

EMPLOYMENT-TO-POPULATION RATIOS,
1954-1983

	1954	1964	1969	1977	1983
16 to 17 years old					
Black and other	40.4	27.6	28.4	18.9	13.7
White	40.6	36.5	42.7	44.3	36.2
18 to 19 years old					
Black and other	66.5	51.8	51.1	36.9	31.3
White	61.3	57.7	61.8	65.2	58.0
20 to 24 years old					
Black and other	75.9	78.1	77.3	61.2	57.2
White	77.9	79.3	78.8	80.5	74.2

Source: Freeman and Holzer (1985), Table I, page 19.

between 1980 and 1981, whites were jobless at a rate of 29.2 percent, while the figure for blacks reached an astonishing level of 71.4 percent.

Although New York City labor force data by race and age cohort must be interpreted with caution and are not readily available, recent employment and unemployment data for New York City also indicate that whites experience more success in the labor market relative to nonwhites. The city's black-to-white unemployment rate ratio stood at 1.5 in 1980--1.7 for men and 1.1 for women. By 1984, following a period of unprecedented private sector job growth in the New York City labor market area, the overall ratio had increased to 2.1, with the male and female ratios rising to 2.5 and 1.6 respectively. White unemployment rates declined by .2 percentage points on average during the five-year span, while the average change in joblessness among blacks was an increase of 3.7 percentage points over the same period (see table 11). In 1981, the unemployment rate among 16 to 19 year old nonwhite males was 56.6 percent compared to a 25.1 percent rate among whites the same age. The comparable figures for female teenagers that year were 48.9 percent for nonwhites and 20.3 for whites (Tapper 1983). Unpublished figures compiled by the New York State Department of Labor documenting the labor market status of 16 to 19 year olds show that in 1984 the unemployment rate for black teenagers was 55.8 percent--2.4 times that of whites; the Hispanic to white unemployment ratio reached 1.3 (see table 12). While joblessness among all other teenagers has declined steadily since 1982, the unemployment rate for black youths in New York City rose by 5.4 percent.

The proportion of black and Hispanic New York City teenagers not in the labor force has been twice that of white teens in recent years (see Table 13). In general, blacks have not benefitted from New York City's publically

Table 11

UNEMPLOYMENT RATES IN THE NEW YORK CITY LABOR MARKET AREA,
BY RACE AND SEX, 1980 and 1984

	1980	1984	Percent Change
Whites	6.7	6.5	-3.0
Men	6.4	5.9	-7.8
Women	6.7	7.2	+7.5
Blacks	9.8	13.6	+38.8
Men	11.0	14.5	+31.8
Women	7.6	12.6	+65.8

Source: U.S. Department of Labor, Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 1980 and 1984.

Table 12

ANNUAL AVERAGE UNEMPLOYMENT RATES FOR 16 TO 19 YEAR OLDS
IN NEW YORK CITY, 1982-1984

	1982	1983	1984
All 16 to 19 year olds	N.A.	33.0	29.6
Whites	27.2	26.0	21.0
Blacks	48.2	49.7	50.8
Hispanics	43.5	39.4	27.6

Source: Unpublished data compiled by the New York State Department of Labor.

Table 13

NUMBER NOT IN THE LABOR FORCE, BY AGE AND RACE,
1983 AND 1984 ANNUAL AVERAGES, IN THOUSANDS

	1983	1984
All Persons	2,582	2,587
Percentage 16 to 19	13.9	13.3
All White Persons	1,855	1,812
Percentage 16 to 19	10.8	10.6
All Black Persons	661	670
Percentage 16 to 19	21.0	20.4
All Hispanic Persons	565	568
Percentage 16 to 19	20.0	17.8

Source: New York State Department of Labor, Division of Research and Statistics, Bureau of Labor Market Information, Annual Labor Area Report: New York City Fiscal Year 1986 BLMI Report No. 43, p. 21, Table II.

heralded economic recovery (Stafford 1985). In addition, those industries which grew rapidly between 1970 and 1980 are currently changing their business practices in ways which have effectively "reduced their demand for part-time youth...[t]hus teenage representation in these growing sectors fell dramatically over the decade" (Bailey and Waldinger, 1984).

Black Youth Unemployment: Consensus and Continued Controversy

As the data indicate, there is substantial evidence which suggests that the youth employment problem in the U.S. is disproportionately concentrated among black youth. Discerning exactly why that has been the case, particularly over the past two decades, continues to be the subject of considerable debate. The consensus is that there is no single cause. Frequently articulated explanations of the severity of black youth joblessness include: a skills mismatch; poor attitudes towards work; poor or inadequate information about how to conduct a job search; inadequate or inaccurate information regarding where jobs are located; slow macroeconomic growth; rising aggregate unemployment rates in the 1970s; increasing labor market competition from legal and illegal immigrants and adult women; the "segmentation" of the U.S. labor market; upward pressure on the black youth wage rate from Federal interventions such as the minimum wage, affirmative action, and equal employment opportunity policies; racial discrimination; and the exodus of jobs from central cities. That each of these factors contributes to the labor market problems of black youth is generally agreed upon. However, there is considerable disagreement regarding the degree to which any single factor or combination of factors is primarily responsible.

In a recent Public Interest article, Richard B. Freeman and Harry J. Holzer summarize "what we know" about black youth unemployment by "sort[ing] out the contributing factors and . . . evaluat[ing] the relative importance of each" (1985, p. 23). Their conclusions are drawn from a 1979-80 survey conducted by the National Bureau of Economic Research (NBER) of inner-city minority youths in Boston, Chicago, and Philadelphia. The authors consider the NBER survey results especially relevant and revealing because the youths interviewed "are much more likely to be unemployed and less likely to be employed than white youth or all black youth" (1985, p. 21).

Among the demand-side influences which contribute to disproportionate black youth labor market distress, Freeman and Holzer convincingly discount the extent to which the economy's alleged weak performance, an artificially high black youth wage rate, or the exodus of jobs from urban areas can account for persistently high black youth unemployment. As evidence of the national economy's relatively strong job-creating capacity, the authors cite the employment of 22 million new workers between 1970 and 1983, "in spite of relatively sluggish economic growth" (1983, p. 24). However, only one-tenth of one percent of those new workers were black youth, indicating that even under conditions of significant employment growth, black youth employment gains are marginal at best.

With respect to a presumed increase in black youth wages due to Federal initiatives, the authors make three salient points in their dismissal of this alleged wage trend as a significant contributor to black youth joblessness. First, with regard to equal opportunity and affirmative action, the authors argue that these Federal policies are designed to "raise demand, not simply wages," and the "programs take equal pay as a given and seem to raise the

employment" of disadvantaged groups. In addition, they cite other NBER research which "finds that companies with affirmative action do indeed increase employment of protected groups more than do other companies" (1985, p. 25). Second, amid the plethora of research estimating the disemployment effects of the minimum wage, the authors confidently state:

> . . . one still cannot reasonably blame changes in the minimum wage for any rise in black youth joblessness in the 1970s, the simple reason being that the minimum wage has fallen relative to average wage rates. In 1970, the minimum wage was 50 percent of average private sector wages; by 1983 it was only 42 percent of average private sector wages. This decline in the relative value of the minimum wage would have tended to increase employment of youths over the decade (Authors' emphasis, 1985, p. 25).

The third piece of empirical evidence presented by the authors simply argues that during that period "when black youth wages rose substantially, there was no deterioration in employment" (1985, p. 25). Any one of these arguments sufficiently discredits the increased black youth wage hypothesis, and in combination they provide interesting implications for employment policy to which the paper will address itself in Section III.

Based on David Ellwood's (1983) NBER-sponsored research in Chicago, there is little, if any, evidence to support the notion that the movement of jobs from the central city to the suburbs is a major contributor to black youth unemployment. In the Chicago case, the authors prosaically conclude that the problem is "race, not space;" proximity to employment does not lead to a narrowing of the black/white unemployment gap in Chicago. Over a decade ago, Bennett Harrison (1972) found that even though some jobs were moving out of cities, blacks fared relatively less well in both the city and suburbs. Freeman and Holzer (1985) acknowledge the importance of local labor market conditions in cities, and conclude that in labor markets where the female

labor force participation is high, black youth suffer. By contrast, the size of the Hispanic population does not seem to have significant adverse effects on the employment prospects of inner-city black youth. In New York City, recent research suggests that black and Puerto Rican job-seekers rarely compete, while there seems to be a growing degree of job competition between black and more recent immigrants; especially Asians and non-Puerto Rican Hispanics (Bailey and Waldinger 1984; Department of City Planning 1985).

Assessing the extent to which racial discrimination contributes to black youth joblessness is an extremely difficult task. Studies which assert that there is less racial discrimination now than there was in some previous period, or claim, as do Freeman and Holzer, "that blatant discrimination by employers has effectively been eliminated" (1985, p. 26) confuse the existence of anti-discrimination laws and social policies with their effectiveness. Unfortunately, the fact that it is now against the law and more difficult to discriminate in no way guarantees that racial discrimination will not take place.

On the supply-side, Freeman and Holzer focus their attention on youth attitudes and work aspirations. They conclude that "good attitudes" are better than "bad attitudes" and that the development of "positive attitudes toward work can help reduce the black youth joblessness problem." It is not clear, however, that "positive attitudes toward work" can be developed independently of positive employment experiences. The authors cite the importance of "high wages and high job status" and job security in stemming absenteeism which suggests that having a good job is paramount to developing positive work attitudes.

Datcher-Loury and Loury (1983) find that "some measures of attitudes, values, and beliefs are. . . important determinants of labor supply" in their survey of young urban minority males. Freeman (1983) reaches similar conclusions in his contribution to the NBER survey research, and, in particular, finds that church-going and other variables that may be interpreted as indicators of work attitudes can be significantly associated with school attendance, work, and particpation in crime and deviant activities. In a recent Joint Center for Political Studies publication entitled "Minorities and the Labor Market: Twenty Years of Misguided Policy," McGahey and Jeffries suggest that inferences about behavior based upon attitudinal batteries should be made with caution:

> Much of the attitude research is confounded by the crude measures available, and the problem that what people say about their attitudes may not reflect their behavior. For instance, Sadd, Kotkin and Friedman (1983), in an evaluation of labor market program impacts on poor urban teenagers with substantial criminal justice involvement, report no significant correlations between a variety of attitude measures and labor market outcome. They stress that some of the standardized scales provided for this Labor Department-sponsored program 'appeared to lack face validity, and many did not seem appropriate to this population' (1985, p. 17).

The major problem with attributing a significant amount of explanatory power to attitudes is that attitudes are not likely to be changed by public policy. For example, consider Freeman's focus on church-going as "a significant factor" in "increasing employment"--does this imply that public policy should concentrate on providing black youth with incentives to go to church? Probably not, but Freeman's emphasis on such attitudes does not evoke a clear direction for youth employment policy.

III. YOUTH EMPLOYMENT POLICY: THE MULTI-PROGRAM APPROACH

Young people who are likely to experience difficulty or be unsuccessful in the labor market are the obvious targets of youth employment policy. But the degree to which different groups of economically disadvantaged youth are at risk varies considerably. Therefore, the development of a comprehensive youth employment policy must involve each of the following: (a) the design of programs created to meet the varying needs of a heterogeneous economically-disadvantaged youth population; (b) ample financial support from Federal, state, and local administrations; and (c) a pre-conceived state and/or local strategy designed to ensure that local programs and related municipal service providers are well coordinated, overlap where appropriate, and are flexible enough to accommodate changing local economic conditions.

Who Needs Help and What Can Programs Realistically Do?

Because a lessening of the youth employment problem is not likely to come from the projected decline of the youth population, it is important that policy makers have a clear idea of what determines the neediness of different groups. Dividing the universe of youth in need into groups is a useful way to define specific program goals. One of the first distinctions to be made is whether the economically disadvantaged youth are in or out of school. Although both groups are in need of assistance, they may face different types of barriers to the labor market, implying that the assistance provided should vary accordingly.

The in-school group includes graduating high school seniors, those enrolled in postsecondary institutions, and those still completing their

secondary school education. Among the graduating high school seniors, several useful distinctions are appropriate if their varying needs are to be addressed. High school graduates from economically disadvantaged households and families who plan to pursue a college education are in desperate need of financial support. Presumably these individuals have performed well in high school and at least satisfactorily on college-entrance examinations, and therefore are deserving potential undergraduates.

Financial aid to low-income students can be provided in many forms. At the Federal level, a commitment or re-commitment to low-income student access to higher education would require an expansion of educational opportunity grants, and other federally sponsored college-based aid programs. According to the Educational Amendments of 1972, the means-tested Basic Educational Opportunity Grant (BEOG) program was designed explicitly to provide low-income students with financial aid, and was considered "the foundation [of] other federal student assistance programs" (Government Printing Office 1972). Over time, however, it has become apparent that the federal grant only provides access to whatever that specific amount of money will buy. For the 1985 fall semester, the maximum grant is $2,100 under the Pell Grant program. In the face of rising college costs, it is not at all clear that the Pell Grant program at current levels can by itself increase low-income student access to higher education.

State assistance to students pursuing undergraduate degrees is also important. In addition to offering low-interest loans, the expansion of state scholarship programs to undergraduate institutions is essential. But given the diversity of private and public institutions, state scholarship funds must be distributed between the private and public higher education sectors in a

way that does not jettison or compromise the state's commitment to increasing low-income student access to higher education. At the same time, state and federal student assistance programs have to be coordinated such that institutions of higher education are rewarded for using programs in combinations which most effectively increase low-income student access to higher education.

State and local programs must also be innovative. For example, New York City's Police Department has proposed a program which will offer undergraduates tuition assistance in exchange for their service as police department employees after they have graduated from college. Although the program is not targeted to low-income students explicitly, it is an example of a program which is likely to attract many students who are seeking ways to finance their undergraduate studies, and, at the same time, directly benefit the locality.

The coordination and proliferation of federal, state, and local student financial assistance programs should be seen as an integral part of a youth employment policy. No young person should be denied an undergraduate education solely because his or her economic circumstances dictate that he or she cannot afford to pay.*

A second group of graduating high school seniors is comprised of those students who plan to pursue postsecondary education, but at two-year community colleges or other noncollegiate postsecondary institutions. In addition to financial assistance, it is important that these students are provided sound

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* Issues related to the quality of instruction in private and public colleges are beyond the scope of this paper. Although the author is clearly concerned about low-income student access to higher education, I do not mean to imply that "open enrollment" is the solution to the problems of college-ready youth. Nor am I suggesting that the quality of instruction once enrolled is of marginal importance, especially in public two-year and four-year institutions where minority students constitute the majority of enrollees or are otherwise heavily concentrated.

advice regarding the appropriate balance of general liberal arts and occupational education in two-year schools. Many authors haye suggested that community colleges and occupational curricula within two year colleges are used to lock low-income students into areas of study to which eventual labor market returns are either very low or non-existent. Others caution that because private proprietary trade schools rely almost totally on tuition for their operation they recruit low-income students and then encourage them to take federal and state loans which pay for tuition costs. However, the Federal Trade Commission (FTC) has found that many of these schools do very little for their students as far as adequate occupational training and education is concerned. The consequence is that low-income students finish or leave these private trade schools with no marketable skills and no means with which they can pay their debts to the U.S. Office of Education. The FTC has also found that a large proportion of defaulted federal student loans are from students who attended postsecondary noncollegiate training schools. More often than not, it is uninformed or misinformed students who are easily taken advantage of. Those students who typically pursue postsecondary occupational education at private trade schools would benefit greatly from federal and state regulation of the trade school industry. Locally, an active New York City Department of Consumer Affairs could initiate suits against trade schools that engage in false advertising in the subway cars. As consumers, students are entitled to federal, state and local protection.

The remaining two groups of graduating high school seniors are more traditional targets of youth employment policy: those who graduate with low-level basic skills and those who graduate with acceptable basic skills but with little or no work experience. Numerous surveys indicate that employers

prefer to hire high school graduates rather than high school dropouts. At the same time, however, there is a growing concern among educators across the country that a high school diploma has become nothing more than an "attendance certificate" for an increasing number of graduating students. Our justifiable preoccupation with high school dropouts and astronomically high dropout rates has overshadowed the fact that a greater percentage of the population is graduating from high school now than ever before, at a time when youth unemployment is also increasing. Some critics have suggested that it is precisely because "everyone" is receiving a high school diploma that the failure to do so, i.e., dropping out, indicates a level of competence and/or attitude that is totally unacceptable in the world of work. Others suggest that high school diplomas must be differentiated in order to distinguish between students who have been diligent and have merely "hung in there," from those who have excelled academically. If the high school diploma has in fact become an increasingly ambiguous credential, high school graduates who plan to enter the labor market will need varying types of assistance.

For those graduating seniors who are reading at grade level but have little work experience, a program that focuses on placing participants in a good entry-level job is most appropriate. Work experience is the key for this particular group, and no amount of classroom training or out-of-the-workplace "orientation to the world of work" can substitute for or be more valuable than actually having a job. What this group needs most is to acquire general on-the-job skills and positive attitudes toward work that they can market in the future. Reliable employees who complete job tasks, are easily supervised, and who require little supervision after job tasks have been assigned are valued highly by employers. These attributes are best acquired while employed

in a decent entry-level job. Private and public sector job development would be an essential component of this type of program.

High school graduates who have poor basic reading and/or computational skills are likely to benefit most from a program which combines regular part-time employment with remedial education. In addition to work experience, this group needs classroom instruction geared toward improving basic skills and tied to the eventual placement of participants into full-time regular employment. Job development would be a critical component of this type of program because the program would have to find part-time jobs requiring very low skill levels and then identify jobs employees could move into after their basic skills were improved. Rather than perceive the necessity for low-level part-time employment as an added burden to the program, that component should be seen as an opportunity for linking community economic development with youth employment policy. Focusing on the development or re-establishment of part-time jobs within economically-depressed local communities serves a dual purpose: part-time employment for program participants, and the revitalization of small community-servicing enterprises within participants' neighborhoods.

Youth employment programs aimed at in-school youth should be designed, first and foremost, to keep young people in school. These programs must effectively prevent economically-disadvantaged enrollees from having to choose between school and income; therefore, employment while attending school is a crucial feature of this particular initiative. The New York City Board of Education's Cooperative Education Program is an example of such an approach. Having a summer job is an important component for this type of program, providing the student guarantees that he or she returns to school in the fall.

For the purposes of deciding which services are most appropriate for out-of-school youth, it is useful to partition that group by age and reading level. According to a City University of New York newsletter, "there are over one million people in New York City eighteen years of age or older with less than eight years of education" (City University of New York 1985, p. 9). For those young people under 18 years old who are reading below the seventh or eighth grade, youth employment policy must give them the incentive to either return to school or complete a high school equivalency examination outside of school. Combining work experience with GED preparation is also a productive approach for this group. The program should also offer part-time summer employment (combined with basic skills or GED instruction) that will turn into regular part-time employment in the fall provided the out-of-school youth in this group return to school immediately following the summer.

For young people who are over 18 years of age and have basic skill deficiencies, programs must prepare to offer GED preparation in alternative school settings, English as a Second Language courses, and some kind of employment, even if it is menial. This is especially necessary for those young adults who have family responsibilities and are in the job market to contribute income to the household. Young adults who have more acceptable levels of basic skills despite the fact that they have dropped out of school are in need of GED preparation and alternative adult education designed to better prepare them for job searches.

Of course there are special groups of youths who must be explicitly integrated into a youth employment policy--the two most striking examples being teenage mothers and fathers and foster teens.

I have deliberately omitted references to job or occupation-specific skills training for youth and wage strategies, especially a subminimum wage or wage subsidies to employers, because they have been overemphasized in the past. With respect to occupation-specific training, evaluations of youth employment and training programs show a positive effect on the post-program earnings of participants, as compared to similar youth who did not participate in the program. However, the research also shows that those programs have no long-term effect on the young person's future employability. Consequently, training of that sort does little to help the most disadvantaged participants. Program research and employer surveys reveal that wage subsidies have an impact only after the required paper-work has been minimized and the employer has already been convinced that the potential young employee has "the proper attitude toward work." A subminimum wage for youth as the cornerstone of youth employment policy only makes sense if it can be shown that the minimum wage is the major contributor to the youth employment problem. As mentioned earlier in Section II, no empirical evidence supports that conclusion. Research on the effects of a subminimum wage show that although a subminimum wage is associated with marginal increases in youth employment, it will not reduce the youth unemployment rate nor will it necessarily induce employers to hire disadvantaged minority youth in particular. In addition, the costs associated with a reduction of the minimum wage are likely to be borne by adult low-wage and part-time workers and chronically unemployed black youth.

Many individual programs in New York City currently offer some of the services suggested above (see Tapper, 1983 and Schilit, 1983). But a comprehensive youth employment policy must recognize the diversity of the

universe in need, and carefully knit together what might otherwise be a plethora of independent programs serving different types of youngsters. Two major themes are at the heart of the program outlined above: 1) improving basic reading and mathematical skill levels where they are deficient (often referred to as "competency based training"); and 2) providing youth with positive employment experiences, not career strategies. A public school system which effectively minimized dropout rates, especially among minorities and the economically disadvantaged, and was held accountable such that students graduating read at least at grade level could lead to an eventual de-emphasizing of the first theme. But until such time, pressure on our local public school system to function responsibly must also be recognized as an integral and necessary part of a comprehensive youth employment strategy. The objectives of the comprehensive policy are to expose youth to decent jobs, and keep them in school--not "stabilize" young people in the labor market. And whenever possible, that positive exposure should take place within their own communities through linkages with city and state economic development strategies. These objectives cannot be met without a firm commitment to and enforcement of anti-discrimination and affirmative action policies. Equally important are federal, state and local employment and economic development policies which result in an increasing number of employed minority adults to which economically disadvantaged youth can look for advice and from which employment networks can be passed along and shared.

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Crime and Criminal Justice

Richard McGahey

Summary

This paper reviews criminal justice trends and issues facing New York City as it looks to the year 2000. It analyzes trends in demography, crime, and criminal justice activity, and offers suggestions regarding future policies. The principal findings are:

-- Most of the city's recent trends in crime are not a function of demographic change, and little relief will be forthcoming from this factor in the future.

-- Trends in criminal justice activity (arrests, prosecution, conviction, and sentencing) are not simply reactions to crime trends, but represent policy choices made by different agencies.

-- Case processing after arrest has become much tougher in recent years; while the overall city crime rate fell by 3.4 percent between 1979 and 1984, felony arrests rose by almost 10 percent, indictments by 73.7 percent, convictions by 98.1 percent, sentences to local jail by 48.9 percent, and sentences to state prison by 88.6 percent. Misdemeanor arrests also rose sharply--45.4 percent in five years, and over 200 percent for drugs. Felony arrests for drugs rose by 136.6 percent in the same period.

-- This more exacting treatment of criminals by the system is only partly due to higher expenditures, which have been concentrated on post-arrest institutions, not on police; it is more likely due to legal changes which have strengthened the hand of prosecutors in plea bargaining. In any case, it is unlikely that the city can continue its recent rate of increase in criminal justice spending in future years without signficant new sources of revenue.

-- Criminal justice policy should concentrate on aiding the city's most crime-ridden communities, which are also disproportionately poor and minority. Policies will have to be coordinated with other programs, especially efforts to improve the economies of these poor neighborhoods, and with substantial participation by tthe minority community. Criminal justice policies can play a significant role in aiding these distressed neighborhoods, but criminal justice agencies alone cannot bring about substantial reductions in crime.

Introduction

This paper discusses crime and criminal justice issues facing New York City in the next 15 years. Crime remains a critical problem for New York, as it does for all American cities. High levels of street crime disrupt community safety and stability. Crime makes people more fearful, altering their behavior in ways that are socially and economically harmful. Businesses are reluctant to locate or expand in impoverished neighborhoods due to the fear of crime. Most importantly, people become the victims of violent and property crime, especially the poor, who are disproportionately victims.

Crime also costs the city in direct government expenditure. Expenses on police, courts, prosecution, corrections, probation, victim services, juvenile justice, legal aid, and other functions compete with other needs for scarce city revenue. These criminal justice expenditures often are harder to coordinate than other public spending. Although we often refer to the criminal justice "system," it is better thought of as a "sequence" of autonomous agencies which create the workload for other agencies but are not linked directly to any central budget or organizational controls, other than very broad budgetary oversight.

This paper concentrates on four themes. Recent trends in crime, demography, and socioeconomic factors are discussed to get a picture of what the crime problem might look like in the next 15 years. Section II presents recent trends in criminal justice processing (arrests, prosecutions, and sentences) showing how various criminal justice organizations have performed in recent years as the city has begun to recover from the fiscal crisis. Section III addresses the question of financial resources, looking at spending and personnel patterns in selected agencies, along with data on intergovernmental sources of revenue. Section IV pulls together these trends in

demography, crime, criminal justice operations, and spending. It will be seen that much of the city's efforts in crime control are not automatic responses to fluctuations in crime rates, but represent explicit policy decisions. The paper concludes by discussing selected issues facing the city, and makes suggestions for future policy. That policy discussion is by no means exhaustive; it is intended to provoke discussion by highlighting issues that are likely to be important in coming years.

I. Trends in Crime

Like many other American cities, New York has suffered high levels of street crime in the last two decades. Many people think that New York is the highest crime city in the nation, but in fact our crime rate (as measured by the FBI's Uniform Crime Index) is not dramatically out of line with other major cities.* Sharply rising crime in American cities began during the 1960s, at a time of macroeconomic growth. This presented a puzzle to many observers: why would crime grow at the same time as general prosperity? And what should the appropriate policy responses be to rising crime?

One popular explanation concentrates on the impact of demography. Street crime is a young man's game, and the rising number of baby boomers as a proportion of the total population suggested that more crime would result. Between 1950 and 1960, the number of 14-24 year olds in the U.S. population rose by about 3 million; between 1960 and 1970, the 14-24 year old group rose

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* New York does have its particularities. For example, we have a very high rate of robbery, partly due to the patterns of street use--New Yorkers are less often in cars, and more often exposed to robbers as pedestrians and mass transit riders (McGahey 1983).

by over 13 million. As James Q. Wilson points out, "during the first two years of the decade of the 1960s, we added more young persons (about 2.6 million) to our population than we had added in any preceding ten years since 1930." (1985, p. 20) In New York State, the 15-24 year old population grew 45.3 percent between 1960 and 1970.

But changing demography alone probably accounts for only a relatively small amount of the rise in crime. An M.I.T. study found that the increase in U.S. homicides during the 1960s was ten times greater than what the change in age structure alone would have accounted for (Barnett, Kleitman, and Larson 1974). An analysis of robberies between 1950 and 1965 attributed only 13.4 percent of increased robbery arrests to the rising number of 10-24 year olds (Ferdinand 1969).

Demographic changes affected crime through an interaction with growing poverty and neighborhood disruption in central cities. The growing young male population was distributed unevenly by race and ethnicity between central cities and the rest of the U.S.; in central cities during the 1960-1970 decade the white male population grew by about 3 percent, while the black male population grew by over 33 percent (U.S. Department of Commerce 1975, p. 13; p. 32). The rise in crime was also distributed unevenly. Cities suffered much higher crime rates than other areas, and some neighborhoods within cities contributed disproportionately to the rise in crime.

Crime rates rose fastest in poor urban neighborhoods, with young males accounting for a disproportionate amount of arrests in impoverished central cities. The rise in crime was contemporaneous with a spreading gap between minority and white teenage unemployment rates, dramatic increases in the use of illicit drugs (especially heroin), and decaying neighborhoods. Such

neighborhoods lack many of the informal social controls provided by neighborhood organizations, stable local economies, and intact adult heads of households that are a principal bulwark against street crime (Wilson and Kelling 1982; McGahey 1985).

The rise and persistence of urban crime in some communities is a complex subject that goes well beyond the scope of this paper. The central point for this discussion is that demographic shifts, while contributing to changes in the volume of crime, do not provide a sufficient explanation for changing urban crime patterns. It is unlikely that we can explain the rise in crime as solely, or even largely determined by demographic shifts. Such an interpretation ignores the complex interplay of other socioeconomic and criminal justice factors.

Nor will demographic changes alone substantially reduce New York's crime problem in coming years. Table 1 shows the projected population of young males in New York City and the five boroughs between 1980 and 2000.* The population of young men is projected to fall rather sharply between 1980 and 1990; 11.7 percent among 10-14 year olds, 25.5 percent among 15-19 year olds, and 10.4 percent among 20-24 year olds. Between 1990 and 2000, these declines slow considerably. The number of ten to fourteen year old males is actually projected to increase slightly in that decade (3.8 percent), while the 15-19 year old population will stabilize; 20-24 year olds are expected to decline at about the same rate as before.

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* These population projections are taken from New York State Department of Commerce data; for a discussion of the uses and limits of these data, see McGahey 1986.

Table 1

PROJECTED 10-24 YEAR OLD MALE POPULATION,
NEW YORK CITY AND FIVE BOROUGHS, 1980-2000*

	1980	1990	2000	Percent change 1980-1990	Percent change 1990-2000
Total, New York City					
10-14	255,908	225,890	234,399	-11.7	+3.8
15-19	279,160	222,385	220,668	-25.5	-0.8
20-24	281,438	254,975	228,222	-10.4	-11.7
Total 10-24	816,506	703,250	683,289	-16.1	-2.9
Bronx					
10-14	50,490	44,288	44,933	-12.3	+1.5
15-19	55,058	43,789	43,467	-20.5	-0.7
20-24	47,052	47,834	42,525	+1.7	-12.5
Brooklyn					
10-14	88,510	81,505	81,884	-7.9	+0.5
15-19	94,111	75,451	75,122	-19.8	-0.4
20-24	89,485	79,853	75,595	-10.8	-5.4
Manhattan					
10-14	36,365	30,295	31,877	-16.7	+5.2
15-19	42,386	30,302	28,885	-28.5	-4.7
20-24	58,119	47,203	40,095	-18.8	-15.1
Queens					
10-14	64,396	56,070	58,975	-12.9	+5.2
15-19	71,460	59,544	59,407	-16.7	-0.2
20-24	73,132	66,427	58,405	-9.2	-12.1
Staten Island					
10-14	16,147	13,732	16,730	-15.0	+21.8
15-19	16,145	13,299	13,878	-17.6	+4.4
20-24	13,650	13,658	11,602	0.0	-15.1

*Source: New York State Department of Commerce

Another important demographic factor is the racial and ethnic makeup of the young male population, as crime rates among poor young blacks and hispanics are significantly higher than among whites. This differential is tied to the conditions in impoverished communities, which are also disproportionately black and hispanic. Residents of these communities suffer victimization at much higher levels. And street crime is primarily a local problem--young criminals often do not go very far when they commit their crimes. Since urban residential neighborhoods are still sharply segregated by race and ethnicity, the majority of victimizations occur among members of the same racial and ethnic groups in or near their own neighborhoods.

The State Commerce Department figures do not provide breakdowns of their population forecasts by race and ethnicity. McGahey (1986) presents a tentative forecast for 1990, based on data from a Community Service Society report on poverty in New York City. Hispanics, blacks, and other nonwhites are projected to be 73 percent of the 5-19 year olds in the city by 1990, and 66 percent of the 20-24 years olds. Jeffries (1985) disaggregates these data, showing that the fastest growing group is expected to be "other" nonwhites. Blacks and hispanics as a percentage of the minority population will be falling slightly, while still increasing in absolute numbers.

Of course, the effects of demographic shifts may also be felt in other areas. If the smaller number of young people means a tighter labor market, economic conditions may improve among the city's poor. This in turn might have some dampening effect on the crime rate. But some observers feel that demographic tightening by itself is not likely to cause substantial improvements in the economic and employment situation of the city's poor, especially among minority teenagers (Jeffries 1985). In any case, the peak

ages for street crime are several years before the late teens and early 20's, when youth enter the labor market in a serious fashion (Sullivan 1984). The major impact on crime from improved labor market conditions for the poor might be more stable adult households, higher disposible income in poor neighborhoods, and a greater level of local retail employment, providing teenagers with part-time employment options. But many analysts are now skeptical that employment per se has much of a short-run impact on youth crime, although improved employment for adult residents of impoverished communities remains a key to any long-run reduction in crime (McGahey 1985).

Recent trends in New York's crime rates do not have an obvious relationship to the city's demographic changes. Table 2 shows total crimes known to the police from 1979-1984. The table concentrates on major offenses, especially the seven crimes that make up the FBI's Uniform Crime Index, the standard measure of crime trends.* The table shows that crimes known to the police peaked in 1981, and have fallen in each of the three years since. This pattern has been observed across the United States in recent years.

In New York, much of the dropoff has come in burglary complaints, which in 1984 were over 29 percent lower than in 1979. Personal crimes of violence

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* The FBI crime index counts seven major offenses: murder/manslaughter, rape, assault, robbery, burglary, auto theft, and larceny. It excludes crimes such as narcotics offenses, weapons charges, and white-collar and fraud offenses. It also only includes offenses known to the police. Several studies have shown that self-reported rates of victimization are much higher than the crime index totals, due to variations in reporting. Some crimes are more likely to be reported than others (homicides versus larcenies, for instance). Reporting patterns also vary by race and class factors; the poor and nonwhites are usually less likely to report crime to the police than the affluent and white. For these reasons, crime index totals are better viewed as indicators of trends, not of the absolute level of crime.

Table 2

OFFENSES KNOWN TO THE POLICE,
NEW YORK CITY, 1979-1984

	1979	1980	1981	1982	1983	1984	Percentage change, 1979-1984
Total FBI Index Crimes*	621,119	710,205	726,826	689,019	622,877	600,216	-3.4
Personal Crimes**	49,820	49,018	49,532	48,019	48,610	52,751	+5.9
Robbery	82,572	100,556	107,558	95,977	84,043	79,541	-3.7
Burglary	178,162	210,716	206,039	172,818	143,698	128,687	-29.5
Other-- Controlled Substances	28,656	27,952	22,653	24,641	31,748	37,325	+30.3

Data are for calendar years.

* Murder/manslaughter, rape, assault, burglary, robbery, larceny, and auto theft.

** Personal crimes include murder/manslaughter, rape and assault.

Source: Charles Brecher and Raymond D. Horton, eds., Setting Municipal Priorities, 1986; data taken from state reports summarizing Uniform Crime Reports data.

have not shown any obvious trend in either direction, although 1984 showed a slight rise over previous years. Robberies (the forcible taking of property, usually involving a personal confrontation with the victim) have followed the general trend in the crime rate, with a rise between 1979 and 1981 and declines after that.

Table 3 shows changes in arrest patterns, in total and by type of arrest. Total felony arrests rose slowly between 1979 and 1984, but this slow rise was composed of very different changes by age group, as shown in table 4. Felony arrests of those under 16 years old fell dramatically, by 47.8 percent. But although felony arrests also fell among 16-20 year olds, they rose for those over 20. This rise in felony arrests among those over 21 years old more than offset the fall among those under twenty. But the more dramatic change came in misdemeanor arrests, which rose by 45.4 percent in the five year period, a change of over 9 percent per year. As with felonies, misdemeanor arrests of those under 16 fell, although by a much lower percentage. Misdemeanor arrests rose among all other age groups, contributing to a rising total number of arrests.*

The rise in felony and misdemeanor arrests are not broken down by age groups, but total arrest figures are. The absolute and percentage changes for certain types of crime are shown on table 5. In general, misdemeanor arrests rose much faster than felony arrests. The only category to show a substantial decline was felony burglary arrests, which fell by over 40 percent between

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* The increase in misdemeanor arrests may indicate a rebound from the effects of the city's fiscal crisis, which forced the department to concentrate its resources on felonies. As fiscal pressures eased, more attention could be given to misdemeanors.

Table 3

ARRESTS, NEW YORK CITY, 1979-1984

	1979	1980	1981	1982	1983	1984	Percentage change, 1979-1984
Total Arrests--Felonies and Misdemeanors	186,635	168,855	179,303	206,863	215,987	234,282	+25.6
Felony Arrests--Total	104,413	98,923	102,269	106,448	106,271	114,761	+9.9
Personal crimes*	18,429	15,553	15,187	17,411	18,009	20,189	+9.6
Robbery	19,265	19,726	22,150	21,094	20,401	21,154	+9.8
Burglary	20,503	19,320	17,041	14,747	13,228	12,151	-40.7
Dangerous drugs	8,592	8,339	12,075	14,544	16,025	20,332	+136.6

Data are for calendar years.

* Personal crimes include murder/manslaughter, rape and assault.

Source: New York City Police Department, Office of Management Analysis. Crime Analysis Section, Statistical Report. Complaints and Arrests, 1979-1984.

Table 4

PERCENTAGE CHANGES IN ARRESTS, BY AGE GROUP,
NEW YORK CITY, 1979-1984

Age group	Felonies	Misdemeanors	Total
All ages	+9.9	+45.4	+25.6
Under 16	-47.8	-12.7	-41.4
16-20	-8.9	+11.8	-4.5
21-24	+29.5	+56.4	+29.6
25 and over	+38.2	+63.1	+46.2

Table 5

CHANGE IN FELONY AND MISDEMEANOR ARRESTS,
NEW YORK CITY, 1979-1984

	Percentage Change, 1979-1984	Absolute difference, 1979-1984
Felony Arrests		
Total	+9.9	+10,348
Personal crimes*	+9.6	+1,760
Robbery	+9.8	+1,889
Burglary	-40.7	-8,252
Dangerous drugs	+136.6	+11,640
Misdemeanor Arrests		
Total	+45.4	+37,299
Possession of stolen property	+37.8	+1,172
Dangerous weapons	+58.5	+1,542
Dangerous drugs	+217.5	+20,709

*Murder/manslaughter, rape, assault

1979 and 1984. (Burglaries known to the police fell by 27.7 percent in the same period.)

The largest increase in both felony and misdemeanor arrests are for dangerous drugs. Felony drug arrests rose by 136.6 percent in five years, while misdemeanor drug arrests rose by 217.5 percent in the same period. The rise in drug arrests suggests a strategic decision on the part of the police department. It is very hard to get an accurate reading of real changes in drug offenses; unlike robberies or homicides, drug crimes are "victimless" in the sense that sales are a voluntary transaction between two parties. As a consequence, drug crimes known to the police are almost all the result of police activity--observations and undercover work.* Most of the jump in dangerous drug arrests is concentrated between 1983 and 1984, underscoring the impact of activities like the department's Operation Pressure Point, an effort that concentrated police against illegal drug sales on Manhattan's Lower East Side.

These trends in the city's demography, crime rate, and arrest patterns point to a central issue that always faces criminal justice planners--the importance of policy decisions. Demographic, crime rate, and arrest trends do not suggest any simple set of relations between the three phenomena. Of course, the changes in the city's reported crime rate are related to demography in some fashion, but trying to ascertain the relative impact of

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* In fact, using crime rate data on drug offenses known to the police often creates more confusion than clarity. In 1984, the FBI crime reports showed 37,325 "controlled substance" crimes known to the police in New York City; for the same year, the police department reported 50,462 arrests for "dangerous drugs"--20,232 felonies and 30,230 misdemeanors.

demographic changes, socioeconomic shifts, and the effects of criminal justice policy would be a complex and perhaps not very illuminating statistical exercise.

But a few patterns do emerge from the data. First, insofar as the decline in young males has contributed to a falling crime rate, that contribution will have been greatest between 1980 and 1990; between 1990 and 2000, barring substantial outmigration of young men from the city, any contribution to lowered crime from demographic changes will fall to almost zero. Second, many of the patterns that appear in criminal justice activity are the result of public policy constraints and decisions, not automatic responses to changes in the crime rate. As section II will describe in more detail, the rise in felony arrests and the sharp increase in misdemeanor arrests, especially the concentration on drug offenses, has been carried out with virtually no increase in the number of uniformed police officers. And the almost 41 percent fall in burglary arrests, which is more abrupt than the approximately 28 percent drop in complaints, suggests that the department may have been reducing resources in this area.

II. Trends in Criminal Justice Activity

Just as changes in crime cannot be explained by demographic changes, the activities of New York City's criminal justice institutions are not only caused by changes in crime. Section I argued that arrest patterns cannot be explained solely by police responses to crime. And it is not only arrest activity that has shown changes in recent years. All steps in post-arrest criminal justice case processing--indictments, convictions, and sentences to local jail and state prison--have become much stricter in recent years. As

with arrest patterns, the city's criminal justice policies are not simply an inevitable response to changing crime or demography. They do not even seem to be related to rising arrests, with the possible exception of drug offenses.

Table 6 shows percentage changes in felony processing between 1979 and 1984. The table gives crimes known to the police, and totals for felony arrests, felony indictments, convictions on felony indictments, and incarcerative sentences.* It is immediately clear that the punitive character of post-arrest activity has stepped up sharply, going well beyond the slight rise in felony arrests. Felony indictments have risen by 73.7 percent; convictions on felony indictments have almost doubled, rising by 98.1 percent; sentences to local jail have risen by 48.9 percent, and sentences to state prison (one or more years in length) are up by over 88 percent between 1979 and 1984.

Again, the levels of these changes vary with the type of offense, although the rise in felony indictments is found for all offense types, and is always higher than any change in arrests. Indictments for robberies rose over 5 times faster than arrests, and felony indictments for burglary rose by over 50 percent at a time when burglary arrests were falling sharply. As with arrests, the largest rise in indictments is for drug offenses; this increase is doubtless driven by the increased level of arrests, but drug indictments rose faster than arrests, suggesting that felony drug indictments are also being boosted by the general trend to more felony indictments.

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* It should be noted that these are aggregate totals for particular years. As it takes time to dispose of cases in the criminal justice system, not all felony indictments represent felony arrests in the same calendar year; the same holds true for all succeeding steps in case processing. For this reason, the system processing data in this report are most useful for gauging trends, not for assessing performance in any single year.

Table 6

PERCENTAGE CHANGE IN SELECTED CRIMINAL JUSTICE ACTIVITIES,
NEW YORK CITY, 1979-1984
(Felonies only)

Percentage change in:	Total	Personal*	Robbery	Burglary	Dangerous Drugs**
Crimes known to police (index offenses only)	-3.4	+5.9	-3.7	-29.5	(a)
Total felony arrests	+9.9	+9.6	+9.8	-40.7	+135.5
Total felony indictments	+73.7	+18.7	+51.9	+52.1	+172.4
Total convictions on felony indictments	+98.1	+34.7	+84.7	+79.1	+187.5
Local jail sentences*** (jail only)	+48.9	-25.8	+38.3	+0.2	+114.2
State prison sentences	+88.6	+40.6	+79.1	+128.2	+133.7

* Murder/manslaughter, rape, assault.
** Penal Law 220
*** Does not include "split" sentences of probation/imprisonment, which result in some jail time.

(a) FBI index data not comparable with other data.

Rising numbers of felony indictments means rising numbers of convictions, as felony indictments almost always result in some sort of conviction. But prosecutors also increased the percentage of indictments that resulted in conviction. Bearing in mind that the cases counted in total convictions and indictments are not in absolute correspondence due to the time spent in processing, it is still instructive to examine the ratio of convictions to felony indictments, which shows what percentage of indictments result in conviction. As table 7 shows, in 1979 this ratio stood at 70.9 percent; by 1984, it had risen to 80.9 percent. This high and increasing ratio of felony indictments to convictions occurs across the board. The ratio went from 67.4 to 76.3 for personal crimes; from 71.8 to 87.4 for robberies; and from 79.5 to 93.6 for burglaries. The smallest increase in the indictment-convictions ratio occurred with dangerous drugs; the ratio stood at 69.0 in 1979, and 72.8 in 1984. Although the ratio did not change very much, the absolute number of such cases did. Convictions for felony drug indictments rose 187.5 percent between 1979 and 1984.

So New York City's criminal justice processing has become increasingly exacting at each step in the process. Total convictions rose, and rose at a faster percentage than total indictments. Incarcerative sentences also rose sharply, as shown in table 6. Sentences to local jail time increased for most classes of offenses, excluding personal crimes and burglaries. And state prison sentences rose for all types of crime, from a 40.6 percent increase for personal crimes to a 133.7 percent increase for drug offenses. The stricter nature of case processing is shown in table 6. For all types of offenses, felony indictments rose faster than felony arrests; convictions for felony indictments rose faster than indictments; and sentences to state prison rose

Table 7

RATIO OF CONVICTIONS ON FELONY INDICTMENTS
TO FELONY INDICTMENTS,* NEW YORK CITY, 1979-1984

Crime type	Ratio 1979	1984
Total	70.9	80.9
Personal**	67.4	76.3
Robbery	71.8	87.4
Burglary	79.5	93.6
Dangerous drugs	69.0	72.8

* Due to the time that it takes to process a case, this ratio does not show individual cases resolved by convictions; it shows total activity in the two areas, with most indictments and convictions being resolved in the same calendar year.

** Murder/manslaughter, rape, assault.

faster than convictions for many crimes, with robberies being a slight exception, and drugs showing a slower increase in state prison sentences than in convictions. But state prison commitments for drug offenses still jumped in the 1979-1984 period by over 133 percent.

How the various elements of the criminal justice system come to produce such results is a complex issue. Police departments, district attorneys in the five boroughs and the special narcotics prosecutor, and the judiciary are all independent agencies with a great deal of autonomy. One thing suggested by the sharp rise in felony indictments, convictions, and incarcerative sentences is that the recent balance of power in the post-arrest process has tilted sharply in favor of prosecutors in the plea bargaining process. Most defendants are not convicted at trial, but through a plea bargain; in New York City courts, less than 5 percent of criminal convictions are obtained through trials. This is a remarkably stable figure; the rate of guilty pleas to total convictions in New York State has been over 90 percent since the 1920s (McDonald 1982).

Plea bargaining generally affects the type and length of sentence. Although official records do not reflect sentence negotiations, a recent study of a random sample of case dispositions in Manhattan found that judges made tentative "sentence promises" prior to guilty pleas in 75 percent of the cases, promises which were usually kept (McDonald 1982). One factor that has fostered this tougher bargaining has been the enactment of mandatory prison sentences and minimum terms for certain classes of crimes and types of offenders. Since 1973, the state has mandated sentences and restricted plea bargaining for certain drug offenses, repeat felony offenders, some personal

violent felonies, and firearms possession. These changes in the law have also limited the scope of plea and sentence bargaining.

But the trend to more exacting case processing goes beyond these legal changes. Drug offenses provide a good example. In 1973, the state passed the nation's toughest drug law, mandating prison sentences and limiting plea bargaining for drug offenses involving very small amounts of narcotics. These laws have been amended and actually loosened since 1973, so that plea bargaining and mandatory sentence restrictions for drug offenses are now slightly less onerous than they were in 1973. Yet, as table 6 shows, felony indictments for drug crimes between 1979 and 1984 increased 172.4 percent; convictions rose by 187.5 percent; and sentences to state prison jumped by 133.7 percent. The structure of laws surrounding drug offenses did not change in ways that can fully explain these increases.

Some of the overall rise in stricter felony case processing may be driven by the state's second and violent felony offender provisions, which require a prison sentence for those with prior felony convictions. As the population ages, a higher percentage of criminals appear in court with prior felony convictions, resulting in mandatory sentences to prison. This effect of these laws is one important factor that is driving the increasing severity of post-arrest case processing.

Some of the increasingly strict nature of the system may also reflect changes in the concentration of police resources. In recent years, the department has focused attention on such targets as repeat offenders and robberies. If the resulting arrests are of more serious offenders, then indictment, conviction, and sentences to jail and prison are all more likely. The available data do not allow a determination on whether the mix of

arrestees has changed in this direction, although the increasing number of older arrestees (see table 4) suggests that more repeat offenders are likely to be in the arrestee pool; older arrestees are more likely to have prior arrests and convictions than younger ones.

Another explanation for more rigorous case processing might be the level of spending and personnel; if more resources are being expended, then more cases can be dealt with, regardless of other factors. This would lessen the amount of "triage" that prosecutors and judges would have to conduct, raising the odds for conviction and sentences to incarceration. The following section looks at some expenditure and resource patterns in recent years.

III. Trends in Expenditures, Personnel, and Revenues

One possible source of increased criminal justice activity and severity is more resources. As the city recovers from the fiscal crisis, more funds can be made available for different criminal justice functions. These funds could in turn come from federal, state, or local sources. More police, prosecutors, and jail cells would allow for increased levels of severity in case processing. This section examines recent trends in police and correctional manpower, spending for different activities in the system, and intergovernmental sources of revenue.

Table 8 shows personnel trends in the police and corrections department for the 1979-1984 period. At first glance, the police data suggest that the increased arrest activity in this period (a 9.9 percent rise in felony arrests, and a 45.4 percent increase in misdemeanors) has been accomplished with virtually no change in uniformed personnel. There were only 240 more uniformed employees in 1984 than in 1979, while civilian personnel increased

Table 8

POLICE AND CORRECTIONAL MANPOWER STATISTICS,
NEW YORK CITY, 1979-1984

	1979	1980	1981	1982	1983	1984	Total Percentage Change
Police Department							
Total employees							
Uniform	23,688	22,542	22,767	23,961	23,291	23,928	+0.1
Civilian	4,662	4,278	5,204	5,622	5,739	5,779	+24.0
Officers on Patrol per day (average)	6,705	6,202	6,107	6,232	6,491	6,627	-0.1
Dept. of Corrections							
Full-time employees							
Uniform	3,814	3,980	4,523	4,721	5,456	6,041	+58.4
Civilian	870	754	795	859	1,013	1,048	+20.5
Average daily prison population	6,750	7,042	8,550	9,279	9,948	9,802	+45.2
Average daily prison population to uniform force	1.77	1.77	1.89	1.97	1.82	1.62	

Source: New York City. Comprehensive Annual Report of the Comptroller, 1984.

Data are for fiscal years.

by 24 percent. The number of officers on patrol also shows no increase during this period.

But the "officers on patrol" figure does not tell the whole story of anti-crime deployments. Increases in arrests are at least partially due to redeployment of uniformed personnel away from office duties in favor of special units that concentrate on arrests. Officers on patrol only account for a percentage of total arrests; their activities are concentrated in responding to emergency 911 calls or other dispatch orders. Such calls are frequently for service activities, or occur after a crime has taken place, making the probability of arrest very slight.

Uniformed patrol officers accounted for 52.7 percent of felony arrests in 1979, and 40.2 percent in 1984, a numerical decline of about 8,000. But total felony arrests in 1984 were approximately 10,000 higher than in 1979, meaning that other commands were making about 18,000 more felony arrests in 1984 than in 1979. The two major contributors to these increased arrests were the narcotics division, and street crime and special operations commands. In short, the department increased the number of felony and misdemeanor arrests by substituting civilians for uniformed officers, keeping the level of uniformed patrol fixed, and using the freed-up resources to strengthen investigative and arresting units.

Unlike the police department, the department of corrections has added both uniformed and civilian personnel between 1979 and 1984, with a faster rise in uniformed corrections officers. The total number of officers rose by 58.4 percent in five years, faster than the average daily prison population, which jumped 45.2 percent in the same period. However, as the ratio of the daily population to the uniformed force shows, this relationship only changed

direction in 1984. The city's average prisoner population actually declined in 1984, although it was still at an extremely high level when compared to 1979.

Table 9 gives inflation-adjusted expenditure data from the City Comptroller's annual report. As previous data have suggested, the institutions getting the largest increase in real dollars have been prosecutors and the correctional system. Legal aid expenses have also risen sharply (although not as fast as those for prosecutors), and police and probation expenditures have barely risen.* These numbers suggest that part of the increased activity and severity of prosecutorial and other post-arrest activity is explained by more resources. However, increased dollars do not fully explain the change. Real prosecutorial spending rose by 41.2 percent between 1979 and 1984, but total felony indictments went up by 73.7 percent in the same period. The changes are also tied to the increase in prosecutors' plea bargaining leverage (from laws like the second felony offender law), and a general public climate favoring more punishment for convicted criminals.

As increasing resources have fed the rise in punishment, it is important for the future to examine the source of revenue used to pay for criminal justice expenditures; tables 10 and 11 present some data in this area. Several departments (corrections and prosecution) mirror recent national

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* These data should be treated with some caution, as expenditures on criminal justice are not always fully represented in agency reports. For example, studies of New York State and City prison costs have found that significant expenditures such as pensions for employees and debt service on capital improvements are counted elsewhere in public budgets, leading to some understatement of actual correctional costs; see McDonald 1980, and Steelman 1984. As with much of the data in this report, the numbers here are more useful for gauging trends than for actual estimates of total spending.

Table 9

EXPENDITURES OF CRIMINAL JUSTICE AGENCIES,
NEW YORK CITY, 1979-1984
(thousands of dollars, in 1979 dollars*)

	1979	1980	1981	1982	1983	1984	Percentage Change, 1979-1984
Police Department	644,129	632,631	584,308	618,032	638,212	676,121	+5.0
Department of Corrections	117,553	129,625	129,602	145,542	160,282	178,078	+51.5
Department of Probation	18,222	18,375	16,024	16,427	17,665	19,208	+5.4
Prosecution**	39,112	40,180	39,402	45,150	49,497	54,248	+41.2
Legal Aid	18,465	18,236	17,231	19,231	25,832	23,900	+29.4

* Data are for fiscal years, adjusted for inflation. Adjusted using Bureau of Labor Statistics annual Consumer Price Index for all urban consumers (CPI-U), New York-northeastern New Jersey region. 1979=100.

** Prosecution includes district attorney offices of the five boroughs and Office of Prosecution, Special Narcotics Court.

Source: New York City. Comprehensive Annual Report of the Comptroller, 1979-1984.

Table 10

CATEGORICAL GRANT REVENUES OF CRIMINAL JUSTICE AGENCIES,
NEW YORK CITY, 1979-1984
(in 1979 dollars*)

	1979	1980	1981	1982	1983	1984	Percentage Change 1979-84
Police Department							
Federal	1,359,109	6,842,572	7,654,453	4,200,187	10,653,493	5,673,883	+317.5
State	6,122,577	6,911,709	6,440,031	7,234,626	8,356,344	7,498,781	+22.5
Dept. of Corrections							
Federal	1,304,182	938,480	1,413,670	921,921	908,719	857,913	-34.2
State	4,042,623	4,858,748	3,683,473	4,170,511	4,716,986	5,761,971	+42.5
Dept. of Probation							
Federal	200,240	298,629	293,128	111,967	116,167	--	
State	7,888,547	8,007,086	7,669,324	8,916,805	9,349,653	9,288,338	+17.7
Prosecution**							
Federal	2,851,605	1,778,952	2,541,496	541,876	380,497	518,701	-81.8
State	8,310,914	8,936,312	8,692,906	12,035,109	12,931,052	13,615,237	+63.8

* Data are for fiscal years. Adjusted for inflation using Bureau of Labor Statistics annual Consumer Price Index for all urban consumers (CPI-U), New York-northeastern New Jersey region. 1979=100.

** Prosecution includes district attorney offices of the five boroughs and Office of Prosecution, Special Narcotics Court.

Source: New York City. Comprehensive Annual Report of the Comptroller, 1979-1984.

Table 11

FEDERAL AND STATE CATEGORICAL GRANTS AS A PERCENTAGE OF CRIMINAL JUSTICE AGENCY EXPENDITURES, NEW YORK CITY, 1979 AND 1984
(in 1979 dollars)

Agency	1979		1984		Percentage change in total spending, all sources, 1979-1984
	Federal	State	Federal	State	
Police	0.2	0.9	0.8	1.1	+6.9
Prosecution	7.3	21.2	1.0	25.1	+38.7
Dept. of Corrections	1.1	3.4	0.5	3.2	+37.4
Dept. of Probation	1.1	43.3	n.a.	70.9	+29.4

Source: see table 10.

trends. Federal grants have declined sharply, while state contributions have risen. Only the police department has increased its level of federal grants, by a rather significant percentage. But, as table 11 shows, that increase in total dollars is not a very large percentage of the police department's spending. Federal and state grants together accounted for less than 2 percent of reported police expenditures in 1984.

Intergovernmental transfers are significant in other departments. In 1984, state government spending accounted for 25.1 percent of reported prosecutorial expenses, a slight rise from 1979. In probation, the state is assuming more and more of the costs--almost 71 percent in fiscal 1984. There has been some concern that the city might become overly dependent on state transfers to expand its services, with the possibility that the state could cut back its future support. This is a trend that the city should monitor, but it thus far does not seem to present a major problem.

IV. Criminal Justice Trends and Their Implications

This section steps back from the detail of the preceding sections, bringing together recent trends in demography, crime rates, criminal justice activity, and spending. Short-term trends by themselves do not provide policy guidance for the future. But the trends in this report do suggest some scenarios concerning New York City's future crime problem and possible criminal justice responses.

Table 12 summarizes the salient facts from preceding sections. It shows the expected changes in the 10-24 year old male population; recent changes in the crime rate, arrests, and post-arrest processing; changes in criminal

Table 12

SUMMARY OF CRIME AND CRIMINAL JUSTICE TRENDS, NEW YORK CITY, VARIOUS YEARS AND AVERAGE ANNUAL RATE OF CHANGE

		Average annual rate of change
Projected population change, 10-24 year old males, NYC		
1980/1990	-16.1	-1.6
1990/2000	-2.9	-0.3
Change in FBI index offenses known to police, 1979-1984	-3.4	-0.7
Changes in total felony arrests, 1979-1984, by age		
Under 16	-47.8	-9.6
16-20	-8.9	-0.2
21-24	+27.5	+5.5
25 and older	+38.2	+7.6
Total, all ages	+9.9	+2.0
Change in total felony processing, 1979-1984		
Indictments	+73.7	+14.7
Convictions	+98.1	+19.6
Local jail sentences*	+48.9	+9.8
State prison sentences	+88.6	+17.7
Changes in criminal justice manpower, 1979-1984		
Police-uniformed	+0.1	0
-civilian	+24.0	+4.8
Corrections-uniformed	+58.4	+11.7
-civilian	+20.5	+4.1
Changes in selected criminal justice expenditures, 1979-1984 (in 1979 dollars)		
Police Department	+6.9	+1.4
Dept. of Corrections	+37.4	+7.5
Prosecution	+38.7	+7.7
Legal Aid	+29.4	+5.9
Dept. of Probation	+29.4	+5.9

*Does not include "split" sentences.
Source: See previous tables.

justice manpower; and recent changes in real expenditures for different agencies.

There are a number of different scenarios that can be drawn from these data. One that is not compelling is the so-called "demographic optimism" view: rising crime in the 1960s was largely a function of demographics, and as New York's population ages, the crime problem will abate. Even if the decline in the population of young men contributed to recent gradual decreases in crime rates, that contribution will slow considerably between 1990 and 2000. If population declines improve labor market conditions in poor communities, there may be an indirect impact on crime, but it is unlikely to be dramatic.

A second scenario, which can be labelled "incapacitation" or "deterrence," views the gradual downward trend in the crime rate as caused by the increasingly tough nature of the post-arrest process. Felony arrests are up slightly, and misdemeanor arrests have risen sharply, while felony indictments, convictions to those indictments, and jail and prison sentences are up dramatically. It is unclear how much of the reduction in the city's crime rate can be tied to incapacitation of active criminals, or deterrence of others. But even if all of the reduction in the city's crime rate is due to these factors, those reductions are coming at a very high cost, both in terms of dollars expended and in terms of social equity. Incarceration in the city's jails costs between $31,000 and $40,000 per inmate per year. This does not include spending on police, courts, and the rest of the criminal justice system, or capital costs for building new jail cells. And a disproportionate number of those arrested, convicted, and sentenced to jail and prison are black and hispanic, as are a disproportionate number of victims. The stabilization and

protection of high-crime communities ought to be a primary goal of criminal justice policy, but tougher criminal justice policy alone cannot bear the entire burden of community improvement.

There clearly has been more targeting of resources by many agencies in the criminal justice system, and that targeting has been directed at the apprehension and punishment of individual criminals. The police have made more felony arrests with the same total uniformed personnel, prosecutors have indicted and convicted people at a level beyond their substantially increased dollar resources, and the city is sending more and more individuals to local jail and state prison. Illicit drug offenses have received the greatest amount of attention on all of these areas.

While such policies have a role to play in the provision of public safety, it is clear that the criminal justice system alone cannot substantially reduce the overall crime rate, especially the crime problem in impoverished high-crime neighborhoods. The city's annual rate of increase between 1979 and 1984 for felony indictments was 14.7 percent; for convictions on those indictments, 19.6 percent; for local jail sentences, 9.8 percent; and for state prison sentences, 17.7 percent. Real spending on corrections rose by 7.5 percent a year, and for prosecutors by 7.7 percent each year. But the overall crime rate fell at an annual rate of less than 1 percent during the same five years. Even if all of this reduced crime can be attributed to more exacting criminal justice policies (an unlikely conclusion), it is a very expensive strategy for a one percent reduction in the overall crime rate.

The same annual rates of expenditure increase probably cannot continue between 1985 and 2000. Current expenditure trends substantially exceed any projections for New York's real economic growth to the year 2000. Thus these

trends could only be sustained by increased tax revenues (either from raising taxes or from reducing other spending) or from increased state aid. The state may continue to absorb specific functions like probation, but the state government faces the same set of resource constraints and reduced federal aid as the city does. Increasing taxes or reallocating revenues from other municipal services is possible, but the first option is not politically likely, and the second would occasion bitter fights over municipal resources.

The city has raised criminal justice spending in the aftermath of the fiscal crisis. But simply continuing current expenditure patterns may miss some opportunities for future policy, while not making a substantial dent in the crime rate or improving public safety. The final section of this paper takes up policy directions that the city should consider when looking to the year 2000.

V. Future Policy Directions

This paper has concentrated on crime in relation to broad demographic changes, along with patterns of arrests, case processing, and public expenditure. That focus may have inadvertently suggested that the issues of predatory street crime and policies to reduce it are primarily under the control of criminal justice agencies. That would be misleading. Although criminal justice agencies have vital roles to play in a crime control and reduction policy, they cannot bear most of the burden in this area.

When we speak of the "crime problem," or even "urban crime," the problem is somewhat misidentified. As with many other problems (such as housing, transportation, and employment), victimization from crime is unevenly spread across the population and the city. The city's crime problem actually is made

up of a variety of crime problems in different neighborhoods. The severity and type of crime and victimization varies more across different neighborhoods in the same city than it does among different cities.

One key factor in this neighborhoods variation is the relative strength of informal social organizations. Intact households and families with steady incomes can maintain stable families and invest in housing upkeep. High levels of income among community residents creates local retail activity, which in turn fosters greater use of the street by law-abiding residents, reducing the fear of crime. Such retail activity also provides local part-time employment, the best sort of job for a teenager. (Part-time local work can be combined with continued school attendance more easily than other types of jobs.)

Of course, not all low-crime neighborhoods have these characteristics. Wealthy residential districts often do not have extensive informal networks or neighborhood organizations, but they do not generate high levels of street crime. Crime remains concentrated in a relatively small number of persistently high-crime central city neighborhoods, which also have significantly higher levels of chronic poverty and unemployment, substandard housing, illegitimate births to teenagers, school dropouts, and illicit drug use. These neighborhoods are also disproportionately black and hispanic.

The persistent level of crime in these neighborhoods is intertwined with the low levels of substantial employment among adult residents of the community. Without stable and adequately paid adult employment, households fall apart, housing is not kept up, local retail shops close and local retail employment options dry up. Some types of crime (such as numbers or gambling) become embedded in particular communities, and provide sources of employment

and income for some. But the pressure that economic distress puts on informal social controls is a major and continuing contributor to high levels of predatory property crime in these neighborhoods; criminal justice policy alone is unlikely to do much about these problems (McGahey 1985).

In short, to make a substantial reduction in urban crime, public policy efforts must concentrate on stabilizing and strengthening impoverished communities. In addition to criminal justice activity, policy options must encompass employment and economic development, education, family and childcare efforts, and housing, all of which must operate in an environment of fiscal prudence.

Criminal Justice Policy and Community Stabilization

There need to be stronger criminal justice links with the economic and social institutions that promote community safety and stability. Criminal justice policy alone cannot bear the full weight of a crime control and reduction strategy, especially in impoverished communities. For example, the police department should continue its promising experiments with community-oriented patrol and other tactics to encourage more effective informal social control in poor neighborhoods. Traditional apprehension strategies do not seem to have significantly lowered the crime rate in poor neighborhoods (Greenberg and Kessler 1982; Moore and Kelling 1983), and the police department in cooperation with the Vera Institue of Justice, is now experimenting with a variety of "order maintenance" approaches to help build and maintain informal control. These are promising directions, and they should be carefully analyzed and encouraged.

Police efforts to stabilize neighborhoods and business districts are also important for urban economic development; the fear of crime is a major barrier to business expansion and relocation in central cities (McGahey 1983). Reiss (1985) describes an innovative program in Oakland to reduce the fear of crime and help foster investment in the decaying core business district. This program combines careful police management, a variety of targeted patrol strategies, and an innovative financing mechanism that uses contributions from private firms to increase police resources without drawing them from other parts of the city. Although the nature of the program and the limits to statistical inference make it hard to assess the program in terms of its discrete impact on crime rates, Reiss found that the program does seem to be associated with significant reductions in crime, especially theft.

Policies also have to be developed to deal with the reintegration of released prisoners. The current size of New York's prison population means that released prisoners will be returning to the city's poor communities in ever-greater numbers in coming years. This will require programs to better prepare those prisoners for reintegration, along with employment efforts that meet their needs upon release (Jacobs, McGahey, and Minion 1984). Community corrections also need more development, but these programs must be sensitive to the limited ability of non-incarcerative sanctions to provide incapacitation of dangerous offenders (Glaser 1983), and the problem of locating halfway houses in urban communities.

Policies to reduce drug use should be explored, as expansion of traditional enforcement strategies alone are not likely to make much of a difference. A recent Rand Institute study noted that the federal government spent over 70 percent of its more than $1 billion drug-related expenditures on law

enforcement, with relatively little hope that even doubling that expenditure would have any significant impact on drug prices or use (Polich, Ellickson, Reuter, and Kahan 1984, p. x). Therefore, enforcement resources might be targeted on the illegal drug industry, with more experimentation in education and prevention programs to cut consumption.

Community Leadership and Economic Adjustment

Even with such new research and policy experimentation, the problem of high-crime communities in the city will be with us for some time. Conditions in these neighborhoods developed over a long period of time, and the interlocking nature of current problems does not promise any quick fix. Public policies will have an important role to play, but they will be ineffective without strong non-governmental leadership. As many high-crime urban neighborhoods are black and hispanic, substantial leadership in addressing these problems will have to come from those communities. Anti-crime efforts that build on traditional community values and strengths need to be fostered, without falling into a false dichotomy that poses continued governmental support against community-based leadership (Woodson 1981; Loury 1985).

This agenda must be tempered by the memory of programs which concentrated on "empowerment" for the poor. It may be that such programs were too optimistic about the organizational resources and abilities among the poor, especially when they confronted established political authority. But it is difficult, if not impossible, to imagine substantial reductions in crime and social dislocation among the urban poor without leadership and assistance from the black and hispanic community.

Continuing rapid shifts in the world and national economy are also likely to create more disruption and change in urban labor markets. Although it is clear that short-term employment programs do not have much impact on crime, developing stable employment for adults who reside in impoverished crime-prone communities is essential for any long-term crime reduction strategy. The economy and the labor market continue to be essential factors for strengthening and stabilizing non-economic institutions in high-crime communities. Traditional employment policies alone will not solve the problem of high-crime communities, but neither will policies that do not help reduce continuing economic deprivation among the urban poor. Criminal justice policy alone cannot bear the burden of significantly reducing crime in New York, but it can play a central role in conjunction with other community-oriented policies.

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The Methodology and Major Sources of Demographic and Economic Projections for New York City

Susan Sheehan Wieler
Margaret Vandervoort

This report addresses projections of various demographic and socioeconomic indicators for New York City and the region. It reviews a variety of projections for diverse indicators, comparing them where more than one projection exists.

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SOURCES

The Influence of Methodology and Data Sources on Demographic and Economic Projections in New York City

Careful interpretation of the available demographic and economic projections for New York City requires familiarity with the methods and sources of those projections. This paper discusses the techniques employed and data limitations encountered when making projections, with specific reference to the implications of those methodological and statistical issues for the reliability of local projections. The paper also emphasizes how the choice of particular methods and sources ultimately influences conclusions regarding public policy.

I. METHODOLOGICAL ISSUES

A. Demographic Projections

1. Projection of Total Population

Demographers use "independent" methods--methods not based on prior projections--to project population. These methods may be either mathematical or component methods.

Mathematical methods employ a simple equation to describe projected future population changes.* Mathematical methods were developed before component methods and are being displaced by them.

Component methods make separate projections of the three "components" of population change--fertility, mortality, and migration. More complex

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* For example,

$$P_t = P_B(1+r)^t$$

r = growth rate of population
P_B = population in base year
P_t = population projection t periods beyond period B
t = length of projection, i.e., if one is projecting population at 2000 using 1980 data, t is 20.

cohort-component methods project each factor separately for specific age-sex groups in the population. The projected rates are then applied to a base year Census count of each age-sex group, and the resulting projections are added together to produce the total population projection.

Demographers use several different methods to project fertility and mortality; it must be decided which is appropriate for a given population. For instance, in a developing country with rapidly expanding health care facilities, one could expect declining mortality in the short run. Mortality data from a more developed country might be used to estimate the rate of the decline and the point at which it will level out. Some of the methods used to derive mortality rates include:

- maintaining the latest observed death rates;
- extrapolating past trends in the country's own death rates;
- applying standard percentage decreases in death rates depending on the level of the death rate at each stage (as the death rate declines, its rate of decline slows);
- establishing target rates for a distant future date and interpolating for intermediate rates (the target rate is usually that of a more developed country);
- analyzing age-specific death rates in terms of causes of death, and then evaluating the status of public health organization and medical research to estimate which causes are likely to claim fewer deaths in the future.

Fertility rates are generally calculated either by holding recent fertility rates constant over the projection period or by projecting future rates based on current trends. There are also rarely used survey methods, which rely on such data as the expressed expectations of women regarding completed family size.

Migration is the most difficult of the three components to predict, because it is influenced by unpredictable economic and political events. While the volume of net migration in some areas is too small to justify separate treatment in population projections, this is not the case in the New

York City area, where net migration is the most volatile part of population projections. Thus the projection of migration for the city will always be vital but problematic, and the assumptions made will reflect choices made by researchers rather than any strict methodology.

The population projections made for New York City counties by the New York State Department of Commerce use the cohort-component method and illustrate the problems involved in projecting migration rates. While the fertility and mortality rates were obtained directly from the New York State Department of Health, the migration rates were estimated by the commerce department itself. The migration pattern is based on the following method:

> The projected trend in total migration for each county reflects the five-year total net migration rates for the periods 1970 to 1975, 1975 to 1980, and the three-year period 1980-1983, and input provided by local planning agencies throughout the review period. (p.5)

County planning departments were given the opportunity to comment on the preliminary migraton assumptions made by the commerce department. While it is reasonable to obtain the input of those familiar with each county, there are many reasons why county planning departments might not be objective or well informed on this matter. The report further states that

> In most counties which experienced high rates of net out-migration during these periods, the rates were moderated throughout the projection period...These trends are consistent with the assumption that, statewide, New York will improve in economic activity relative to the nation as a whole over the projection period. (p.5)

The assumption about New York's future economic performance thus colors the projections about migration; the report does not indicate how sensitive the projections are to this assumption.

When demographers make an allowance for international migration, it is usually an arbitrarily rounded rate or amount, either constant for each year

of the projection or projected in line with recent trends. A constant age-sex distribution of the migrants is assumed. Any differences between the fertility and mortality rates of the new migrants and those of the population at large are assumed to have no effect on the future total population. Varying fertility and mortality rates among new immigrants are clearly a "wild card" that can affect the accuracy of any projection. Again, the large number of foreign immigrants who settle in New York City make this an important issue for this region.

National population projections usually are based on Census data or available post-censal estimates. No attempt is made to speculate about the possibility of a war, famine, epidemic or other disruptive events. Nor are attempts made to estimate the effects of future economic fluctuations. As the United Nations notes, study of the population of the present and recent past "provides a basis for projections, representing plausible future courses of development under the assumption that future conditions will evolve in an orderly manner from those of the present and past" (p. 439, Shryock and Siegel).

Because of uncertainties regarding future population changes, it is desirable to calculate multiple series of projections, each computed under different assumptions, such as high, medium and low assumptions for mortality and fertility. One series may be called the "most likely," or "forecast" series. The medium or central series is often taken to be the most probable. The range from highest to lowest of these "principal" series may be viewed as a rough indicator of the degree of uncertainty regarding future population change, but it is doubtful whether the range should be interpreted in a probabilistic sense. Long-term population projections (over 25 years) are

needed in connection with the development of water resources and major transportation projects. Middle range projections (10-25 years) are required for the construction of educational, medical, and housing facilities.

Analytic series may also be computed. These are based on the unlikely assumption of no change in order to measure actual changes over time. For example, projections can be done under the assumption that infant mortality rates remain constant. This series would allow measurement of the progress made when infant mortality in fact declines.

2. Projection of Socioeconomic Characteristics

Projections of total population and its age-sex structure are usually done prior to the projection of socioeconomic characteristics, because these characteristics use "dependent" methods--methods which make use of existing population projections.

As in the case of population projections, both mathematical and cohort-component methods are used. The age-specific participation rate procedure has predominated in recent studies. This procedure applies a behavior assumption (an age-specific participation rate) to a prior projection of total population size. For example, to project high school enrollment in the year 2000, an assumption would be made regarding the percentage of high school aged individuals attending school in the year 2000. This percentage is then multiplied by the relevant projected population total to obtain the estimated enrollment.

Generally, this procedure is done separately for each relevant age group. Age-specific rates may be held constant at present levels or projected by extension of a straight line or exponential trend. The projections also may be based on a historical analysis of the change in the rate in relation to the changes in various other related socioeconomic characteristics.

Regional projections of socioeconomic characteristics are subject to a much greater margin of error than national projections because of the greater uncertainty with respect to the future population changes in small areas and the additional highly variable factor of internal migration. Socioeconomic projections for a region generally are prepared independently of one another on the basis of independent assumptions. For example, projections of fertility employed in the general population projections is not often used in projections of family size. Only recently has it been recognized that the projections and their underlying assumptions ought to be consistent, and integrated.

B. Regression Analysis and Econometric Modelling

Regression analysis is the most common method used to make projections; it underlies both demographic and econometric methodologies. It can also be incorporated into input-output analysis. Regression analysis is a principal underpinning for understanding the four methodologies discussed in this paper.

The simplest regression analysis is a technique that examines the association between two variables, to establish: (a) whether a change in one variable is associated with a change in a second specified variable; (b) if there is such an association, whether a given change in one variable usually results in a large or small change in the associated variable; and (c), once the two variables are shown to be linked in some way, just how precisely the relationship between the two can be described.

A regression equation estimates the value of the dependent variable from a given or observed value of an independent variable, and takes the form $y = ax + b$ where:

x = the independent variable
b = the y-intercept of the estimating equation
a = the slope of the estimating equation
y = the estimated value for the dependent variable provided by the estimating equation.

A statistical relationship exists between two variables if the value of the dependent variable (Y) is not exactly or uniquely defined by the value of the independent variable (X). In regression analysis, the analyst is interested in how accurately such a statistical relationship can be specified. In cases where the data provide observed dependent and independent variable values, regression analysis can determine the percent of variation among the dependent variable values that is explained by the variation among the independent variable values.

The estimated values of the slope and the y-intercept describe the line which minimizes the sum of the squared residual terms, the residual being the difference between the estimated and observed values of the dependent variable. Statisticians call the estimating equation the "best fit" for a given set of data, a judgment based on prior statistical assumptions. "Best" only has a technical meaning here, and should not be given any connotation of "more correct."

1. The Limits of Regression Analysis

There are several pitfalls to avoid when using linear regression analysis.* For example, an estimation of the number of children for

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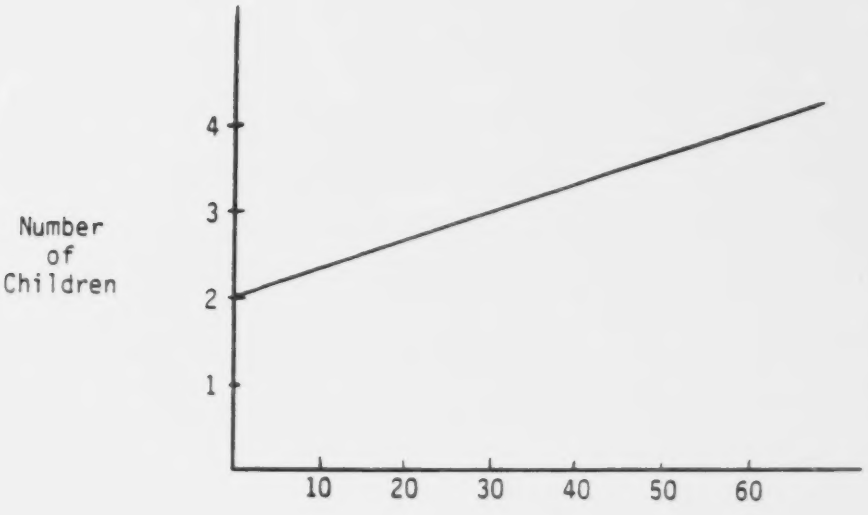
* In linear regression, the equation obtained from the regression analysis of the data has a graph which is a straight line. Since all of the regressions used in the empirical work described in this paper are linear, this discussion will be confined to that type. Extrapolation beyond certain ranges can produce meaningless results. Equations may leave out key variables, confound the order of determination between variables, or misspecify the relationships in complex socioeconomic events.

families whose incomes range from $0 to $60,000 per year, $y = 1/30\ x + 2$, where:

y = estimate of the number of children born to families in a given income bracket

x = yearly income (in thousands of dollars, constant over one's lifetime).

The estimating equation suggests that each family has two children regardless of income, and one for each $30,000 of yearly income. For example, a couple making $60,000 a year would have four children. Graphically, the relationship looks like this:



Notice that the graph of the estimating equation only extends from 0 to 60. The line cannot legitimately be extended beyond the range of the data used to estimate the line. In this example, it is obvious that the results become nonsensical if this is done. One cannot have a negative number of children, and we know that families making three million dollars a year do

not have 102 children. It cannot be inferred that the relationship observed between two variables holds outside the range for which data were available. We may choose to operate on the assumption that an observed trend will continue beyond this range, but there is no a priori reason to do so.*

The New York State Commerce Department's projections may suffer from this pitfall. Their migration rates are based on data from the periods 1970 to 1975, 1975 to 1980, and 1980 to 1983. Since out-migration slowed over the most recent period, the projections assume the continuation of this trend. It is possible, however, that the 1980 to 1983 period was only a temporary departure from the general trend of substantial out-migration. Conversely, the National Planning Association projections incorporate the worst of the mid-1970s losses in their projections.

Another drawback to linear regression analysis is that a straight line may be fit to a set of data which may describe a nonlinear relationship. Take the case of estimating the number of children born in each generation descending from one couple if each family has two children. Graphically, the relationship looks like the curved line in the following graph:

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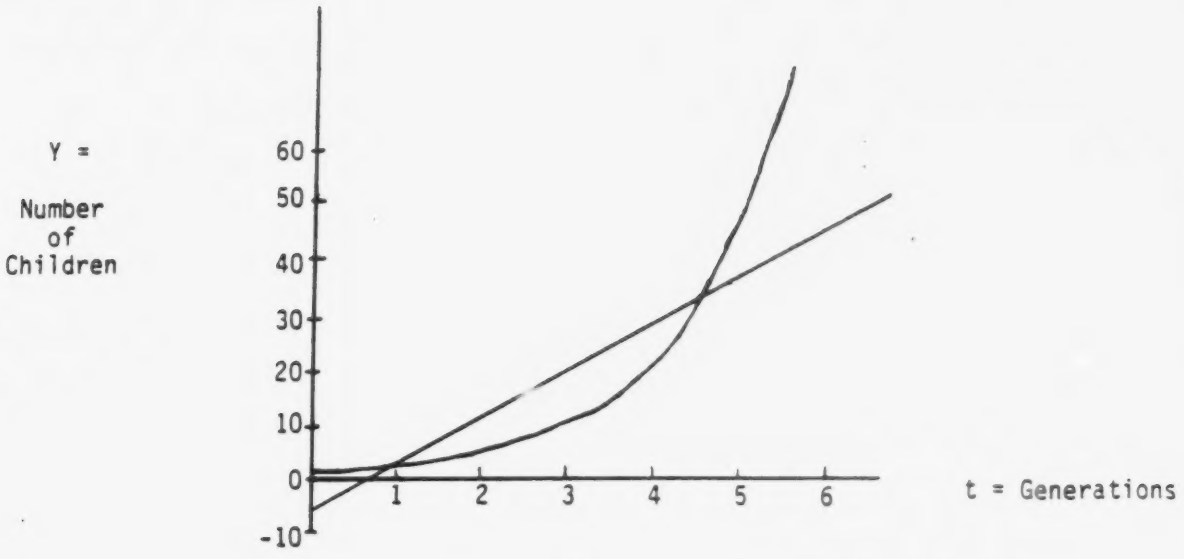
* If the example seems trivial, consider the oft-cited statistic on the "feminization of poverty," which claims that all people below the poverty level by the year 2000 will be single women and their children. This claim is based on linear extrapolation of recent trends, and although it captures an important trend, the implication that no adult males will be in poverty is nonsensical.



Where

y = the number of children born in a given generation, and
t = number of generations.

This non-linear relationship is described algebraically by

$y=2^t$.

The "best-fitting" linear regression line for the observed data points, however, would look like the straight line depicted on the graph, and can be described by

$y = 5.74t - 3.36$; $y = 2^t$.

This estimating equation would lead to a slight overestimation of the number of children born to the first through the fourth generations and an underestimation for the fifth generation and beyond. Extending this linear relationship into the future, the estimation line diverges from the curvilinear "true" trend line after t = 5, leading us to underestimate the size of future generations by an ever-increasing amount. Generally, extrapolations into the future have larger and larger ranges of error.

When interpreting the results of regression analysis it is also important not to infer a causal relationship from a statistical correlation. Any regression analysis can show the extent to which variables are correlated, but neither the results nor the statistical tests can tell us whether an observed relationship between the variables is causal. Consider the complex and often misinterpreted example of the strong positive correlation between education and income. Whether that statistical relationship constitutes evidence that education causes the educated person to earn more money is an open question. Such a conclusion is a result of both a wrong-way and a spurious causation. On average, people from higher-income families tend to be given more education than those from lower-income families. Individuals from higher-income families tend to pursue and acquire higher-paying careers because of their advantageous backgrounds. Therefore, they complete more years of schooling and command higher wages primarily because they are the products of wealthier families. The schooling itself may not be the principal cause of their higher incomes. Yet it is also true that studies of siblings show that more education tends to increase lifetime earnings. Thus education does contribute positively to a person's income, but may not be as important as the person's initial place on the scale of wealth.

Another problem with regression-based projections is the instability of statistical relationships over time, especially in regard to socioeconomic variables. Changes in social mores may well affect these relationships. For example, analysts who based their estimates of women's labor force participation rates during the seventies on female participation rates in the sixties grossly underestimated the former. Similarly, if an analyst

during the nineteen sixties had predicted the number of nurses in 1985 based on a regression analysis of the relationship between the number of working women (the independent variable) and the number of nurses (the dependent variable), there would likely have been two distinct errors. First, one would not anticipate the smaller relative percentage of working women who became nurses as more women entered professions previously dominated by men. This by itself would cause one to overestimate the number of nurses today. On the other hand, one would also not anticipate the greater percentage of the female population now in the labor force; this might cause one to underestimate the present number of nurses.

This last problem amounts to not knowing the future values of the independent variable, and it is common to all regression-based forecasts. Forecasts of the future values of an independent variable may in practice also be accomplished by regression analysis. This may just displace the problem, as the additional regression would also require an independent variable.

The problem of predicting the future number of nurses illustrates this. In order to estimate the total number of working women, a variable needed for the prediction of nurses, we could regress the number of working women on the number of working-aged women. But in order to use this relationship for forecasting purposes, we then need an estimate of the future number of working-aged women. As is often the case when forecasting socioeconomic variables, we have worked our way back to basic demographic projections (see the section entitled "Demographic Projections" for analysis of this methodology). The challenge to the researcher is to return to the data upon which this potential house of cards rests, to analyze that data and the

assumptions used to build each story, and to use a combination of judgment and statistical analysis in deciding when to stop this potentially infinite backward search.

2. Econometric Modelling

Econometric models use regression equations to forecast values for economic variables. The variables chosen reflect both the stated purpose of the model and the researcher's conception of which economic variables adequately describe an economy. For example, if the researcher is not particularly interested in wage differentials by race or sex, then these variables will not appear in the model.

The advantage of an econometric model is that the solution is simultaneous. This means that the model provides consistent forecasts for the variables it projects, for example, total employment by industry and by occupation will be the same. (This is not true of demographic projections or of projections made using separate regression equations for each forecasted variable.) The disadvantage of the simultaneous solution is that the data requirements are often prohibitive, particularly at the regional level. Frequently one must choose between a high level of disaggregation and a simultaneous solution.

Wharton Econometrics and Data Resources, Inc. have developed econometric models of the New York City region. These are proprietary models which are not presently available to the Urban Research Center. Wharton originally developed its New York regional model in response to the New York City fiscal crisis. This model was a satellite of Wharton's U.S. long-term model. In 1980, this model was replaced when the New York Power Pool requested Wharton to develop a model to provide short-run economic forecasts

in rate cases, and long-run forecasts for power needs. The model's design reflects this objective, and the variables it includes and excludes reflect this goal.

The regression technique of forecasting is used in Matthew Drennan's model of the New York regional economy. Income and employment are projected for 53 industries, and employment by occupation is also projected for each of these 53 industries.

Drennan uses single regression equations instead of a simultaneously solved system. The data requirements for a fully simultaneous model solution would allow disaggregation only within the manufacturing sector, where regional data are more complete. Since the New York City economy is dominated by its non-manufacturing activities, aggregation of these activities is not worth the gains from a simultaneous system.

As with the nursing example in the previous section, Drennan obtains forecasted values for his independent variables in order to make forecasts based on his regression equations. The model's forecasted independent variables include Gross National Product (GNP), nonagricultural employment, the unemployment rate, and the Consumer Price Index (CPI) for the nation and the region. (As with all regression-based forecasts, the model's estimates of future employment and income are only as good as the assumptions on the independent variables. To the extent that the independent variables diverge from the predicted values, the predictions of the dependent variable will be subject to a substantial range of error.)

In order to avoid an artificial impression of "precision" from single numerical estimates, Drennan computes the forecasted values of his dependent variables under three alternative values of the ratio of the regional to the

national CPI. This produces an estimated range of values for the forecasted variables, based on the range of this ratio. While the projected range provides more variation than a single value, there is no guarantee that the future values of the projected variable will fall within the stated range.

C. Input-Output Analysis

Input-output analysis can be used to project the amount of output each industry must produce in order to satisfy a given consumer demand. Consumer demand for an industry's product is but one portion of the total demand faced by that industry, because most goods are also used as inputs by other industries in their production processes. In fact, there is virtually no consumer demand for many goods--cash registers, for instance. Thus the total demand faced by an industry will almost always be larger than the consumer demand for its product.

Input-output analysis can also be used to project the amount of each input a given industry will need to meet the total demand for its product. Since labor is an input in the production process, input-output analysis can in principle be used to project the occupational needs consistent with a given demand.

The input-output technique is designed to capture both the direct and the indirect effects of a shift in consumer demand.* Since

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* For example, one input-output analysis discovered that an increase in the demand for autos would necessitate increased tobacco production. Because increased auto production required more cotton (for upholstery), and more cotton production required more nicotine-based pesticides, increased tobacco production was needed for the additional nicotine products.

input-output analysis models interindustry flows over the entire economy, it enables planners in various economic sectors to meet a given consumer demand without bottlenecks or overproduction. Households are thought of as a sector in this model, consuming various goods and services and producing labor services. With enough detailed data, the model can predict how many cooks, engineers, machinists, etc. are needed to meet a given consumer demand.

The accuracy of the model is limited by several factors. The model requires information about the technology in each industry--the amount of each input needed to project a given quantity of output. These "production functions", which constitute the basis for the model, are often unknown and must be approximated. Input-output models also assume that this technology is constant. This is not a problem for short-run projections, but it becomes untenable as projections are made for the longer term. For long range projections, assumptions must be made about what technological processes will look like in the future. Projections of future technology might be estimated using regression techniques and then inserted into the input-output model. Any of these assumptions will influence the resulting projections.

Leontief and Duchin have produced an input-output model which estimates the future impact of automation on labor demand. It breaks the United States economy into 87 industries and 53 occupations; projections can then be made at this level of detail. The model is run under three sets of assumptions about the effects of automation on technology in the year 2000, and projected occupational needs are obtained in each case.

The model captures both direct and indirect effects of automation. For example, the introduction of word processors may displace some clerical workers as typewriters are phased out, a direct effect. But the structure of the capital goods industries will also change due to automation; the workers needed to produce word processors may need different skills than those needed to produce typewriters, an indirect effect.

Again, these estimates of future employment are only as good as the assumptions behind them. But technological breakthroughs and their effects on production of goods and services are particularly difficult to predict. The authors themselves point out that the types of computer-based automation incorporated into the assumptions of the model--robots, numerically controlled machine tools, automated office equipment, etc.--account for only one aspect of technological change. Consequently, the question of the effects of technology, more broadly defined, on employment in the year 2000 is left unanswered.

II. PRIMARY DATA SOURCES COMMONLY USED TO MAKE PROJECTIONS OF DEMOGRAPHIC AND ECONOMIC STATISTICS OF LOCAL AREAS

The content and quality of projections are constrained by the availability of accurate and appropriate data. While statistics of every type abound, using any current data as the basis for projection requires an understanding of the particular needs of different types of projections and of the limitations on those data. The major issues are: 1) whether the characteristics being projected are economically or demographically determined; 2) the extent of disaggregation desired; and 3) the reliability and quality of individual data sources, including the ability to locate units of analysis (if they are individuals) by place-of-residence vs. place-of-work. An ideal data set would involve a census of the population, and it would include measurements of all economic and demographic variables. It would also be free of all response and processing errors. As there is no comprehensive data base which can meet all of these criteria, any primary data used for projections will carry some limitations and errors.

A. Major Statistical Programs of the U.S Department of Commerce, Bureau of the Census

1. 1980 Census of Population and Housing

The 1980 Census of Population and Housing seeks to count every person in the United States at the time of the Census except embassy residents and foreign nationals temporarily visiting the country. Federal employees, military personnel and their dependents living outside the country are counted using U.S. government administration records.

The basic unit of enumeration is the household, defined as a house, apartment or single room, or group of rooms occupied as a seperate living

quarters. Each person is counted at his or her "usual place of residence" which may be different from the legal place of residence or voting residence. People with no usual place of residence are counted where found at the time of the Census.

Two types of questionnaires are used in the Census; a short and a long form. About 81 percent of households complete a short form and the remaining 19 percent fill out the long one. The short form includes seven questions about each household member including:

1. Name;
2. Household Relationship;
3. Sex;
4. Race (14 catagories plus "other");
5. Age;
6. Marital Status; and
7. Spanish Origin.

It also includes nine questions about the housing unit and three questions designed to determine if any person associated with the household was overlooked. The long form includes all the questions on the short form plus additional questions on 26 population subjects and 20 housing subjects. The data derived from the short form are referred to as the 100-percent or complete-count data. These data are more precise than the data derived from the questions exclusive to the long form, although the sample used to distribute the long form is sufficient for producing basic data disaggregated to units as small as a Census tract. (A Census tract is a statistical area averaging about 4,000 in population.)

Collection of the Data: Most of the country, including New York State, used the "Mail-Out/Mail-Back" or "mail Census" system. Many analysts consider a mail survey to be superior to in-person interviews because it is believed that the interviewees answer more honestly and accurately when they are able

to complete the surveys in private and at their own pace. The success of the mail Census depends on the avaliablity of a complete and accurate mailing list and on public cooperation. Special efforts are made to encourage minority participation. Mailing lists are assembled from purchased commercial lists which are supplemented by addresses identified by Census employees who canvass local geographic areas. The Post Office checks the mailing lists to ensure that there is a physically identifiable place to deliver the mail at each address.

The Local Review Program was developed to give local officials an opportunity to review Census counts before they become final and to notify Census offices of any significant discrepencies between Census counts and locally collected data. Where discrepancies cannot be reconciled, areas are re-canvassed to determine if a miscount has been made. In-person visits are made to housing units which failed to respond to questionnaires. The program's primary objective is to avoid geographic classification errors.

Data Limitations: Sources of error in the 1980 Census result from incomplete enumeration (non-responses), incorrect or erroneous responses, and processing and collection errors. Standard errors are published for data derived from sample (long-form) data.

Non-sampling errors, including non-response, incorrect or inaccurate responses and processing errors, are not considered a serious problem if they are introduced randomly throughout the Census. However, if errors are systematic in any way, bias will result and mean aggregated statistics will not be accurate.

The most commonly discussed type of non-sampling error is the "under-count"--the failure to count every person in the United States. Undercounting

is often the consequence of either non-responses or incomplete address lists, and does not occur randomly through the population.

The consensus among Census experts is that minorities, men, urban dwellers, the poor, and undocumented (illegal) residents are more likely to be "missed" by the Census than other groups. For example, according to an article in the New York Times which analyzed the 1980 Census, the count of the black population was 5.9 percent less reliable than the count for whites.* Demographic analysis based on birth, death and immigration data, used as a cross-check to the Census, showed an estimated undercount of 2.5 percent in 1970. It is believed by some that the "superior quality" of the 1980 Census may have reduced the undercount problem to some degree. However, estimates of the "true" population using vital statistics and immigration data do not include any estimation of the undocumented population. (Ideally, the Census should include these individuals.) The lack of verification and agreement on the size of this population poses a serious problem for informed public policy, and the apportionment of Congressional and Federal funding. The problem facing the Bureau of the Census is twofold. It is difficult to estimate how many undocumented residents are "missed" by the Census, and it is impossible to determine the number of counted citizens who are, in fact, illegal residents.

Attempts to measure the extent of the undercoverage are arguably as inaccurate and flawed as the Census itself. There is also considerable political pressure from opposing camps about the magnitude and solutions to

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* New York Times, April 6, 1982, p. B15.

the problem. According to Bryant Robey, editor of American Demographics magazine, "Everyone agrees that the Census is inequitable, but, the cure is worse than the disease" (Newsweek magazine, Oct. 6, 1980 p. 61).*

Numerous suits have been brought by states and cities against the Bureau of the Census in an attempt to force adjustments of the Census data to reflect the undercount of some populations. New York State and New York City, which claimed the highest undercount nationally, brought suit in 1980. Census figures indicate that the city has lost 1 million residents over the last decade while the city estimates that the loss is no more than 500,000.** Estimates of the loss of Federal aid resulting from the undercount range from "several million to tens of millions" (New York Times, Dec. 27, 1983, p. B3). The suits are currently awaiting decision. It is not expected that either suit will result in any adjustment of Census figures or reapportionment of representatives, but it may result in modifications of federal financing formulas and improvement of attempts to count "the uncountable" in the 1990 Census.

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* Attempts to force the Bureau of the Census to adjust the population figures have been met with serious opposition. In 1981, a Federal Appeals court overturned a ruling in New York State's favor requiring the Census Bureau to compensate through statistical adjustment for the "disproportionate undercount" of minorities, because the original ruling did not take into consideration the interests of other states that stood to lose Congressional representation if New York State gained (New York Times, Dec. 27, 1983, p.B3). (There is a 435-member limit in the House of Representatives.) Suffolk County has opposed any upward adjustment of New York City's population because any New York City gain could result in unfavorable federal and state reapportionment for Suffolk (New York Times, Nov. 2, 1980, p. B6).

** New York Times, Sept. 5, 1980, p. B3.

2. Economic Censuses and Current Business Surveys

Every five years, the Bureau of the Census of the Department of Commerce conducts a Census of Retail Trade, a Census of Wholesale Trade, a Census of Service Industries, and a Census of Manufacturing. These data provide operating characteristics of establishments in most segments of the economy. In addition, current business data, derived from surveys and/or administrative records, are published monthly. These data are used to develop the three major branches of national economic accounting: the national income and product accounts (NIPAs), capital financing accounts, and input-output accounts.

The NIPAs are the most widely used economic accounts. These accounts give the value and composition of national output and the distribution of incomes generated in its production. Capital financing accounts show the flow of funds from savings into investment and the changes in assets and liabilities that result. Input-output accounts trace the flows of goods and services among industries in the production process and show the value added by each industry and the commodity composition of output. Parallel regional and subregional accounts also exist providing data on output, income, and productivity; these serve the same purposes as the national accounts but for geographical subdivisions of the country. National and regional economic accounts are essential to forecasting economic trends using econometric and input-output models. (For more detail on the derivation and definitions of the national accounts, see the Bureau of Economic Analysis, Survey of Current Business, March 1985, volume 65, number 3.)

Employment and payroll statistics by industry are provided in the Bureau of the Census County Business Patterns. This annual report is a synopsis of

data from surveys of the Bureau of the Census and the Bureau of Economic Analysis as well as an administrative record of the Internal Revenue Service.

B. Major Statistical Programs of the U.S. Department of Labor's Bureau of Labor Statistics

The Bureau of Labor Statistics (BLS) derives most of its data from voluntary responses to surveys of businesses and households conducted by BLS staff, the Bureau of the Census, or in conjunction with cooperating state and Federal agencies. These data are commonly used as the basis of economic and labor force projections of varying degrees of disaggregation at the Federal, State, Standard Metropolitan Statistical Area (SMSA), and County levels. Major programs include collection of statistics on:

- Employment and Unemployment;
- Prices and Living Conditions;
- Wages and Industrial Relations;
- Productivity and Technology;
- Occupational Safety and Health Statistics; and
- Economic Growth and Employment Projections.

The data available which is disagreggated to the New York State, SMSA, City, and County levels include:

- Hours and Earnings of Non-agricultural Employees Payroll;
- Employment and Unemployment by Race, Ethnicity, Age & Gender;
- Employment by detailed occupation;
- Prices and Living Conditions;
- Wages and Industrial Relations;
- Insured Employment and Wages.

1. The Current Population Survey (CPS): Household Data

Each month, BLS publishes statistics on the labor force, employment, unemployment, and persons not in the labor force, with detail on a variety of demographic, social, and economic variables. These statistics are derived from the Current Population Survey (CPS) which is conducted by the Bureau of the Census for BLS. The CPS is conducted using a sample of households representative of the civilian non-institutional population 16 years or

older. (The excluded institutional population is comprised of individuals confined to penal and mental institutions, sanitariums, and homes for the aged. Children under 16 are also excluded because of compulsary school attendance, child labor laws, and labor custom.)

Sample Design: The entire area of the United States, consisting of 3,146 counties, is divided into 1,931 primary sampling units (PSUs). A PSU consists of a county or set of contiguous counties. Each of the 238 SMSA's and some selected areas constitute seperate PSUs. PSUs are then grouped into stratum according to similarity of various characteristics including geography, population density, rate of growth, demographic make-up, and pricipal industries. The largest SMSAs and some select areas (including New York City) are considered separate strata, which automatically fall into the sample. A random sample of 629 PSUs is selected from the remaining stratum. The probability of selection of any PSU is proprotionate to its population.

The sampling of households witnin PSUs is based on its total population. The sampling ratio is approximately one household per 1,500 in each stratum. Address lists are compiled from Census data and are supplemented with lists of newly constructed units obtained mostly from records of building permits.

The survey is conducted by an interviewer who prepares a roster of household members 16 years and over. In addition to information regarding their personal characteristics, each individual's relationship to the household head is established and reported.

One objective of the survey is to classify the sample population into three groups: (1) the employed; (2) the unemployed; and (3) those not in the labor force. The employed provide information on hours worked and job description. The unemployed report on duration and severity of unemployment,

job-seeking methods, reasons for looking for work, description of last job, and length of time spent actively seeking employment. And those outside the labor force are asked about their principal activities during the survey week, their previous work experience (if any), and their job search intentions.

Uses of CPS: The CPS provides detailed information on economic and social characteristics of the population classifiable by place of residence. Data are published monthly and are used to estimate labor force and participation rates for New York State and the city. The survey provides information on total employment including farm and non-farm, self-employed, domestic, and unpaid family workers, and all wage and salaried employees. It also provides detailed characteristics on labor force participants, and the number of hours worked, for analysis of part-time, full-time, and overtime work patterns. CPS data on those outside the labor force is especially valuable because it provides information on those not normally counted by establishment-based surveys.

Limitations: Potential sources of error in the survey estimates include sampling and processing errors, classification errors, and errors due to non-responses. Sampling errors arise from the fact that estimates are based on sample information rather than a Census of the population. However, rigorous maintenance of sample design usually minimizes this problem, and estimated sample errors are published with the data. Errors resulting from compilation and processing are minimized by training and oversight of staff and carefull editing of the data. Non-responses (households that should have been interviewed or questions that should have been asked but were not) can bias the results of the survey if non-responses are not randomly distributed through the population.

However, the most significant and non-quantifiable source of error within the CPS data is the result of individual self-classification. There is very little to guarantee that respondents will answer survey questions accurately or consistently. For example, two people who are employed in identical positions at a construction site may classify their jobs differently. One may say she is a carpenter while the other may identify herself as a laborer. Survey research analysts have often noted that people tend to inflate their wages and employment positions, especially compared to employer responses to questions about wages and employment. CPS data is therefore not considered the most reliable measure of occupational, industrial or wage statistics.

Lastly, because the individual is identified by his or her place of residence, the CPS is not very useful for detail on the industrial and geographic distribution of employment. One can determine from the CPS where employed people live but not where they are employed. Location of employment, distinct from an employee's residence, is central to employment projections by industry and occupation.

2. The Current Employment Statistics Program (CES): Establishment Data

The Bureau of Labor Statistics cooperates with state employment security agencies in a survey each month to collect data on employment, hours and earnings from a sample of non-agricultural establishments including the government. These data provide information with considerable industry and geographical detail published monthly. Employment data include series on female workers, all production (non-supervisory) workers, hours and earnings data including average hourly earnings, average weekly hours, and average overtime hours.

The survey (form BLS 790) is conducted by mail with a sample of establishments receiving the survey each month. 177,500 employers are surveyed, covering about 40 percent of total employment. Data for the responses is extracted from payroll records which must be kept for tax and accounting purposes. Despite the fact that the survey is voluntary, the response rate is high.

An establishment is defined as an economic unit which produces goods or services for example a factory, mine or store. The establishment is generally located in one place and is engaged in one type of activity. Where a single location conducts more than one activity, these are treated as separate establishments provided that separate payroll records are kept and other criteria are met.

Sample Design: An "optimal allocation" primary sample design is used in the CES survey which produces a sample distribution stratifying the universe of establishments into homogenous groups. These strata are arranged according to industry and size. Under optimal allocation, a larger sample is required for a size stratum if the stratum has a greater number of units in the universe or if it has a higher degree of variability. The number of establishments in each stratum is determined by the stratum's universe and by the standard deviation of the establishments in that universe. Allocation proportional to employment is the specific form of optimal allocation used in the CES survey. The universe of establishments for each industry are stratified into employment-size catagories, and the likelihood that a certain establishment will be chosen depends on its employment level. This sample design incorporates trends in all size classes, and reduces geographic and large-firm bias by giving smaller firms proper representation in the sample.

(The same sample design is used for selecting a sample for the Occupational Employment Statistics Program [OES] discussed below.)

Employment trends derived from CES data indicate changes in the structure and growth of individual industries; in conjunction with data on hours worked, these data are often used to measure productivity.

Limitations of the Data: Because the CES is an establishment-based survey, it excludes all self-employed, unpaid family and domestic workers and proprietors, and "underground" economic activity. Secondly, the CES gives very limited detail of the characteristics of individual workers and it does not enable workers to be located by place of residence. Thirdly, the CES counts a person who is employed by two or more establishments at each place of emloyment. This double-counting could result in overestimation of the employment level.

3. Occupational Employment Statistics (OES) Survey

The Occupational Statistics Program is a mail survey conducted by state employment security agencies in cooperation with BLS. Data are obtained from a sample of non-farm establishments to produce wage and salary employment by occupation and industry. These data are used to estimate total employment by occupation for the nation, including New York State and City. This estimation of total employment is used as the basis for projections of employment by occupation.

Industrial Classification: The classification system used for compiling and publishing data is the Standard Industrial Classification (SIC) Manual. Reporting establishments are classified on the basis of major product or activity during the calendar year. Where an establishment reports more than one activity, the proprtion of total production, revenue, sales and payroll is

allocated to each activity. States assign a 4-digit industrial code to all establishments, and codes are reviewed and updated on 3-year cycles. A few non-manufacturing industries are allowed 3-digit coding because it is difficult to get systematic and accurate information sufficient to code at the 4-digit level.

Occupational Classification: Titles and descriptions of occupations are derived primarily from the "Dictionary of Occupational Titles" which includes 12,000 occupations with definitions published by the Department of Labor's Employment Service and from the Census of Population which uses about 400 occupational catagories reflecting broad occupational coverage. The 1980 Census moved towards a standard occupational classification system, which may spread through all government employment data.

Sample: Lists of establishments for the OES Survey from employment data are derived from reports by the state unemployment insurance programs. In some non-manufacturing industries, supplemental sources are used to obtain lists of establishments that are not covered by unemployment insurance. As in the CES Survey, all establishments with more than 250 employees are automatically included in the sample, and establishments with fewer than 250 employees are selected using optimal allocation (i.e. by obtaining a stratification of establishments by size and then sampling within stratum with the probability of selection proportionate to the amount of employment within that size class).

The OES Survey is conducted on a 3-year cycle. Broad industry categories are divided into three sections and one section is surveyed each year. The three sections include the following broad industry categories: Manufacturing and Hospitals; FIRE, Service, and Construction; and Trade, Transportation,

Education, State Government, Local Government, and Federal Government. In New York State, a total of approximately 30,000 to 35,000 employers are surveyed each 3-year cycle with approximately 10,000 surveys per year.

Uses: The data collected using the OES Survey are used to analyze the occupational composition of different industries, different plants in the same industry, and changes in the industries over time. Information on the industrial employment composition is necessary to the development of industry/occupation matrices which are used to project employment by industry.

4. Employment and Wages Program (ES-202 Program)

The Employment and Wages Program (ES-202 Program) is a cooperative program between BLS and state employment securities agencies. Using quarterly reports submitted by the state agencies, BLS summarizes employment and wage data for workers covered by state unemployment insurance (UI) laws or civilian employees covered by Unemployment Compensation for Federal Employees (UCFE). The program provides a virtual census of insured non-agriculatural employees (40 percent of workers in agriculture are included) providing data on employment and wage by industry at the national, state, and county levels. UI covers about 90 percent of estimated civilian employment, excluding members of the armed forces, railroad workers, domestic workers, the majority of agricultural workers, some employees of small non-profit organizations, the self-employed, and unpaid family workers.

Information is collected from quarterly reports submitted by establishments to state agencies with data on monthly employment, quarterly total taxable wages and contribution. Reports are also received covering most government workers. The data is submitted by the states classified by 4-digit SIC codes by county and by size of the establishment; New York State publishes its own ES-202 report.

Because of its broad coverage, continuity, and frequent updating, the ES-202 Employment and Wage Program is a widely used source providing employment and wage data by industry. Its comprehensiveness allows for a high degree of industrial and geographic detail that is not attainable with sample surveys conducted under the Current Employment Statistics (CES) Program.

5. Other Statistics Collected by BLS

In addition to the labor force and employment statistics collected through the Current Employment Statistics, Occupational Employment Statistics and ES-202 Programs, BLS collects data on prices and living conditions, wages and industrial relations, and productivity and technology. While these data are not used directly in local projections, they are used to develop coefficients used to estimate macroeconomic growth. Macroeconomic growth models provide estimates of projected industry growth rates which are then applied to state and local industrial/occupational matrices, which are in turn used to forecast state and local industrial and occupational levels.

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